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POSTWAR ECONOMIC POLICY AND PLANNING

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HEARINGS

BEFORE THE

SPECIAL COMMITTEE ON POSTWAR ECONOMIC  
POLICY AND PLANNING

HOUSE OF REPRESENTATIVES

SEVENTY-NINTH CONGRESS

FIRST AND SECOND SESSIONS

PURSUANT TO

**H. Res. 60**

A RESOLUTION CREATING A SPECIAL COMMITTEE ON  
POSTWAR ECONOMIC POLICY AND PLANNING

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**PART 9**

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DECEMBER 20, 1946

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## POSTWAR ECONOMIC POLICY AND PLANNING

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FRIDAY, DECEMBER 20, 1946

HOUSE OF REPRESENTATIVES, SUBCOMMITTEES  
OF THE SPECIAL COMMITTEE ON POSTWAR ECONOMIC  
POLICY AND PLANNING,  
*Washington, D. C.*

The subcommittee met, pursuant to call, at 10 a. m., in room 1301, New House Office Building, Hon. Eugene Worley (chairman) presiding.

Present: Representatives Worley (chairman), Walter, and Murdock.

Also present: Dr. W. Y. Elliott, consultant.

Mr. WORLEY. The committee will be in order.

In order to facilitate the work of the House Special Committee on Postwar Economic Policy and Planning, the main committee was divided into several subcommittees. One of those subcommittees is the Committee on Foreign Trade and Shipping, which for the past year or more has held rather exhaustive hearings, going into practically all phases of our foreign trade and shipping. Because of the press of other wartime congressional duties, the committee has not had an opportunity to hear the representatives of an industry which plays a rather important part in our relations with other countries abroad, namely, the motion picture industry. The purpose of the hearing today is to determine among other things what our own Government is doing in trying to create a favorable impression of the United States in the minds of other people over the world by virtue of radio, press, and motion pictures; what it is doing in combating trade restrictions abroad; and we also want to hear the representatives of those engaged in the commercial phases of motion-picture distribution abroad, namely, the motion-picture industry.

We have been requested by Mr. Eric Johnston, the president of the Motion Picture Association of America, who could not be here in person, that a statement prepared by him be read into the record.

At this point, if there is no objection, we will now proceed with the statement by Mr. Johnston. Is there someone here to read this for him?

Mr. BRYSON. Yes, I will be very happy to.

Mr. WORLEY. Will you please state your name and position?

Mr. BRYSON. Mr. Jack Bryson, public relations representative of the Motion Picture Association of America.

Mr. WORLEY. The committee will be glad for you to proceed, Mr. Bryson.

**STATEMENT OF ERIC JOHNSTON, PRESIDENT, MOTION PICTURE ASSOCIATION OF AMERICA, PRESENTED BY MR. JACK BRYSON, PUBLIC RELATIONS REPRESENTATIVE OF THE MOTION PICTURE ASSOCIATION OF AMERICA**

Mr. BRYSON. Mr. Chairman and members of the committee, and Dr. Elliott [reading:]

**STATEMENT SUBMITTED BY ERIC JOHNSTON, PRESIDENT, MOTION PICTURE ASSOCIATION OF AMERICA**

I am grateful for this opportunity to submit a statement on the motion-picture industry for incorporation in the record of your committee.

I am president of the Motion Picture Association of America, which consists of a number of leading American companies engaged in production, distribution, and exhibition of motion pictures. I speak only in behalf of our members.

Ours is a young industry, as industries go, but it has a typical and traditional American background. Like many other great industries in the United States, it started on the proverbial shoestring.

The men who pioneered the industry and the men active in its affairs today are proud of the fact that it developed to its present size without benefit of Government favor or subsidy of any kind.

Over the past half century, the motion-picture industry has had a phenomenal growth. In that relatively short space of time, the screen has become the greatest entertainment source the world has ever known. During these initial stages, the emphasis was largely on entertainment.

We now realize that the scope and purposes of the motion picture have gone far beyond that. It has taken its place beside the press and radio as one of the great media for the dissemination of information and enlightenment.

During the recent war there was no medium which surpassed the motion picture in its ability to bring home the true meaning of that titanic struggle to all the peoples of the world. It was especially effective in telling the story of America as the arsenal of democracy. But the emphasis now is on peace, not war. And the motion picture can play an equally vital role.

Because of this, it is essential that the screen must be as free as the press and radio to fulfill its mission. It must be free of Government fetters in its production and in its distribution.

But freedom of movement is just as important as freedom of content. A screen penned up behind national boundaries is not free, for the freedom to move freely is an inseparable part of freedom of the screen. Measures which curb this flow, no matter how artfully contrived, abridge that freedom.

This right of freedom of expression and communication by means of the motion picture is something bigger than Hollywood's desire to sell pictures. Either we believe in the screen as one of the great media of human communication or we don't. The unfettered use of this medium is beyond the bare fact of economics.

Throughout the world there is a tremendous awakening to the power of the motion picture on the part of governments and peoples. That is the major reason why this inquiry on the part of your committee is so important.

It is highly essential that we foster the growth and development of the American motion-picture industry for two major reasons: One, from a cultural standpoint, it is the greatest conveyor of ideas—the most revolutionary forces in the world today; two, from an economic standpoint, it occupies an increasingly large place in America's domestic and foreign commerce.

Your committee has asked us to answer this question: "What is the importance of the foreign market to the motion-picture industry?"

The American motion picture is geared to a world market. Although the American market is the largest in the world, one-third of the production cost of our pictures comes from abroad.

The American industry is not alone in depending for its economic health on foreign markets. The British industry and those in other countries are finding this out. If they want to produce top-grade pictures, they need a world market to amortize production costs. Closing of the foreign markets would mean inferior pictures and fewer jobs.



The American film industry is thinking in terms of an expanding world market and not a narrowing one. Only a small percentage of the people in the world see motion pictures today. Actually there are millions of people who have never seen a picture at all.

The industry cannot grow to its greatest usefulness and greatest service, however, as long as there are restrictions on the interchange of pictures among countries.

In the year ahead we are certain to witness new and more widespread demands for barriers against the freer flow of motion pictures from one country to another. There are many types of such restrictions, both direct and indirect. Some are in existence. More are threatened.

One type of restriction is excessive taxation on imported films. If the taxes are too high, business becomes unprofitable and the market dries up. The same result follows from excessive tariff or customs barriers. Blocked currency also prevents the recovery of film assets.

Another form of restriction is the imposition of quota laws, which guarantee a percentage of playing time for domestic films. Quota restrictions are bad in principle. But where they are used reasonably, to help an infant industry or a war-weakened industry to get on its feet, an exception can be made. For instance, the British industry today is guaranteed approximately one-fifth of playing time in British theaters. But the ultimate goal should be to lower, not to raise, these barriers.

The most pernicious type of restriction is the complete ban on the importation of foreign films. Nazi Germany adopted this practice even before the start of the recent World War. Unfortunately, there are too many countries today in which foreign pictures are not permitted to circulate.

This form of restriction, dishonest in concept and purpose, too often arises from the fact that American pictures inescapably reflect our way of life. Some foreign critics fear our American system. Consequently, under one guise or another, they would keep out American pictures. They prefer to see the screen used as a weapon of ideological warfare.

Whatever their form, singly or in combination, or whatever their purpose, it is quite obvious the target of them all at the moment is the American film because it reaches around the world and because, as of today, it enjoys a majority of playing time on the world's screens.

Your committee wants to know what the United States Government may legitimately do to assist the motion-picture industry abroad.

The best possible course is to continue the present policy of the State Department. As you know, this policy is free of any party tag or label. It is based wholly on the traditional American belief in freedom of expression and communication, and is designed to remove and prevent discriminatory restrictions. This fine cooperation was exemplified in the Byrnes-Blum French film accord and in other forms of assistance under the direction of William H. Clayton, Under Secretary of State for Economic Affairs.

Your committee desires to know what our industry is doing to promote American motion-picture films abroad. We are doing several things. We recognize that it is in the best interests of our country and the film industry to exercise prudent selectivity of pictures going abroad. We are doing something about it. Our association, acting in an advisory capacity, is assisting in the selection of films to be exported. Through use of self-regulation, we believe that we can be more discriminating in the type of pictures sent to other countries.

We are also practicing selectivity in another way by voluntarily limiting the number of pictures we are exporting to several countries. And we are sending trained men to key spots throughout the world to help expand markets for American films and to report on developments affecting our industry.

Recently, I spent a month in London conferring with government officials and representatives of the British film industry on how to promote the freer interchange of pictures and how to safeguard the freedom of the screen itself. While our two systems are competitive, they are also complementary. We are both interested in a constantly expanding world market.

Your committee has asked us to comment on the type of film which would give foreigners the best idea of America.

The answer is that the most effective type is the film which tells a good story, which entertains, which informs or enlightens. It would be a grave blunder to use the screen deliberately as a weapon of political propaganda. Such propaganda is always transparent; it is universally resented, and it is always self-defeating.



The American press services have established a reputation for fairness and accuracy throughout the world by the simple formula of telling the truth. This impartiality is the hallmark of American news services; it has paid rich dividends in confidence not only at home but abroad as well.

The sane way for the motion picture is to depict the culture of America as it is, without distorting either its virtues or its faults. Foreign audiences are far more impressed by the fact that Americans are free to criticize themselves or their government than they are by any amount of self-praise.

I realize that the ideal has not always been attained. Frankly, there is room for improvement. I have outlined the efforts which our association is making to keep a watchful eye on the pictures sent abroad.

But in our desire to guard against undesirable pictures going abroad, we must resist any curbs which would cramp the screen's freedom. Inevitably, such a course would do irreparable harm. Whenever censorship of that nature has been attempted, the result has always been harmful. It is not in the American tradition.

The American way, based on fairness and truth-telling and freedom from official interference, has achieved remarkable results in the fields of press, radio, and motion pictures. We must retain the cornerstones on which these great services have been built.

Like all successful industries we are constantly striving to turn out a better product so that we shall continue to deserve the support of the world public. That's our responsibility, that's our ambition. We are striving to meet this goal in full faith and with full effort.

Mr. Chairman, I appreciate and thank you, on behalf of Mr. Johnston, for accepting that statement.

Mr. WORLEY. I wish you would express to Mr. Johnston our regret that circumstances prevented his being here.

Mr. BRYSON. I would be very happy to do so.

Mr. WORLEY. The committee has received a telegram from Mr. Donald Nelson, president of the Society of Independent Motion Picture Producers, who also was unable to be present. It will be inserted in the record at this point.

HOLLYWOOD, CALIF., December 21, 1946.

HON. EUGENE WORLEY,

*Care of Colmer Committee,*

*House of Representatives, Washington, D. C.:*

Thank you for advising me about Colmer Committee. Following is my statement: American Motion Picture Industry which Yankee ingenuity and hard work has made envy of world is being seriously threatened in hope of capturing our world. Following artificial restrictions are being applied to showing of American pictures abroad by private and government monopolies operating on a "If you can't win from the other fellow tie his feet so he can't run." Principly, as president of Society of Independent Motion Picture Producers, I would like to call attention of committee to following facts: On merit alone American motion picture industry increased its following before the war in one foreign country after another so that in 1940 one-third of our entire screen income came from abroad. This in turn enabled us to raise our standards and produce pictures of quality which found favor not only in this country but abroad.

We are still doing this today, but under most difficult conditions. Costs of motion pictures, due to higher wages for labor and higher prices for materials and equipment, have been rising steadily. Today they are 60 to 70 percent higher than in 1940, with no promise of relief to avert serious crisis in industry—a crisis which is certain to bring about downward revision of production standards. We have been counting on restoration of our prewar foreign trade, if not entirely, then to a degree compatible with increasing competition from native pictures in England, France, Russia, and other countries. Such competition we welcome. It is healthy and invigorating, so long as it remains free. What we are confronted with, however, is not free competition. Government monopolies, or private interests working through such monopolies, are imposing unfair and artificial restrictions on American films in hope they can hold us down until they themselves can gain monopoly over world producers. We believe motion-picture theaters of the world as well as our own in America should be wide open to all films on merit. We believe film exhibition should be conducted without restrictions from monopo-

lies either at home or abroad. And we believe United States Government should use every influence that does not conflict with real meaning of free enterprise to oppose and eliminate such artificial restrictions, wherever they are found. There are two basic reasons for our beliefs. One, there is no better way to help people of Europe and Asia understand American system which has brought greatest happiness in world to greatest number of people than by keeping screens of world free. This understanding of America I regard as first requisite of world peace. Two, we agree with British motion-picture industry and British Government that trade follows motion pictures into world markets—fact of which I am certain your committee is already aware of. One thing independent motion-picture producers are certain we cannot help build a better world to live in by having our trade tied down with artificial restrictions.

We will be glad to furnish detailed study of how our pictures are affected by monopolistic practices abroad if committee desires.

Following is list of society members: Constance Bennett Productions; Benedict Bogeaus Productions; Sidney Buchman Productions; Cagney Productions, Inc.; California Picture Corp.; Charles Chaplin Studios; Walt Disney Productions, Inc.; Bing Crosby Enterprises, Inc.; Golden Pictures, Inc. (Edward A. Golden); Samuel Goldwyn Productions, Inc.; Sol Lesser Productions, Inc.; Majestic Productions, Inc., (Jules Levey); Nero Films, Inc. (Seymour Nebenzal); Comet Productions, Inc. (Mary Pickford); Rainbow Productions, Inc.; Charles R. Rogers Enterprises; Hal Roach Productions; Edward Small Productions, Inc.; Andrew Stone Enterprises, Inc.; Story Productions, Inc. (Armand Deutsch and Hal Horne); Hunt Stromberg Productions, Inc.; Vanguard Films, Inc. (David O. Selznick); United Artist Productions; Walter Wanger.

DONALD M. NELSON,

*President, Society of Independent Motion Picture Producers.*

Mr. WORLEY. We have also asked Mr. I. E. Chadwick, president of the Independent Motion Picture Producers' Association to present a statement, but apparently illness has prevented his doing so.

Is the representative of the State Department here—Mr. Hulten?

Mr. HULTEN. Yes, sir.

Mr. WORLEY. Would you please state your name and position?

Mr. HULTEN. I am Charles Hulten, deputy to William Benton.

# **STATEMENT OF CHARLES HULTEN, DEPUTY TO ASSISTANT SECRETARY OF STATE WILLIAM BENTON, DEPARTMENT OF STATE**

Mr. HULTEN. Mr. Chairman and members of the committee, and Dr. Elliott, it is my privilege to appear before this committee as deputy to Mr. William Benton, Assistant Secretary of State, who is in charge of the Department's international information and cultural programs. Mr. Benton would have been happy to appear himself, but unfortunately he is on the high seas returning from a recent meeting of the United Nations Educational, Scientific, and Cultural Organization in Paris.

Mr. Benton has been working closely with Eric Johnston, who is his long-time personal friend, on problems relating to international distribution of motion pictures. As you gentlemen of this committee know, Mr. Benton was called in by the Department to assume charge of the consolidated wartime programs of the Office of War Information and the Office of Inter-American Affairs.

His approach to these problems, as he reviewed them during his first months in office, was to eliminate as many of the wartime controls and Government activities as possible. Both OWI and OIAA had motion-picture programs. OWI, with its emphasis on psychological warfare, had developed a program of 35-mm. film production designed

for theatrical release in enemy and occupied countries when these became accessible, and in neutral and allied countries. The OIAA, operating exclusively in the Western Hemisphere, emphasized 16-mm. films for nontheatrical distribution. Both agencies had programs for consulting with Hollywood producers in the national interest. OWI had a Hollywood staff to which the industry referred problems in overseas production and distribution. OIAA operated through an industry-created group called the Motion Picture Society for the Americas.

Both Elmer Davis and Nelson Rockefeller have testified on many occasions to the cooperative efforts of the industry during the war.

Mr. Benton faced the necessity for reducing the large wartime information programs by approximately 75 percent. Economy was not the sole objective. Wartime conditions had required that the Government, in the person of the armed forces, control international communications and transportation. In developing the Department's peacetime information and cultural program, Mr. Benton placed primary emphasis on the restoration of normal private and commercial intercourse between nations. The Department's program was designed to be facilitative and supplementary. In other words, the Department, through Mr. Benton, proposed that America's story be told abroad principally through its privately owned and wholly independent press associations, magazines, books, motion pictures, and similar media, as it had been told before the war.

In line with the increased interest in America, the Department stood ready to assist this flow of material in every way that it legitimately could. In certain fields of activity, and in certain areas of the world, private or commercial groups have found it difficult or impossible to operate. To fill these gaps, the Department undertook a modest program of supplementation.

The Congress reviewed the program earlier this year and provided the appropriations necessary to carry it out.

In the motion-picture field, the supplementation consisted principally of the creation or adaptation of 16-millimeter documentary films, dubbed in foreign languages, illustrating important aspects of American life or policy. In the change-over from war conditions, the motion-picture industry cooperatively took over the United News Reel, which had been paid for by the Government through the OWI during the war. The OWI staff in Hollywood was disbanded. Discussions were held with the industry to determine whether the industry itself would assume the consultative function carried on by the Motion Picture Society for the Americas.

It was my pleasure to go abroad this summer to look into all aspects of the Department's program, particularly in eastern Europe and the Balkans. At every place I stopped the personnel of our missions and many friendly nationals of the countries themselves, emphasized that a continued flow of American motion pictures was important. Exchange restrictions, problems growing out of the nationalization of industry, and war-disturbed transport, all cut into this flow. It is the Department's hope that the motion-picture industry will soon find it possible again to bring its product to all of the countries of the world.

It is the policy of the Department to assist the industry without attempting to distinguish between what, for one reason or another,



it might consider bad or good films, useful or harmful films. I know I can say for Mr. Benton that we are looking to the industry itself to develop its machinery for self-criticism and self-control. We have been encouraged by the willingness expressed by certain leaders of the industry to eliminate many of the petty annoyances and distorted representations of American life which have occurred in the past.

The Department stands ready in a purely advisory capacity to assist the industry in any way that the industry chooses to call upon it.

Thank you.

Mr. WALTER. Mr. Chairman, may I ask a question?

Mr. WORLEY. Mr. Walter.

Mr. WALTER. Did you find, in your visit abroad, that there were any countries in which the nationals of those countries were prevented from seeing American pictures?

Mr. HULTEN. I would say that the area that I visited, sir, was such that there were comparatively few American pictures being shown at the present time because of the difficulty of exchange and other commercial arrangements. So that it wasn't a matter of preventing people from attending them; the pictures just weren't there to attend.

Mr. WALTER. I have been informed that in some countries American movies are not allowed to be shown for very obvious reasons, and I am just wondering how the attitude of those countries could be changed so that the people could get a real picture of what America is.

Mr. HULTEN. I know of no country, although I haven't checked on this in the last few days, in which there is an absolute ban against the showing of American pictures. There are, of course, a considerable number of countries at the present time where the lack of commercial arrangements to get them in, prevents them from being shown.

Mr. WALTER. There has been no arrangement made to show American pictures?

Mr. HULTEN. That is right.

Mr. WALTER. Wouldn't that be a simple way to prevent their being shown?

Mr. HULTEN. Conceivably.

Mr. WALTER. Yes.

Mr. WORLEY. Dr. Elliott, do you have any questions?

Dr. ELLIOTT. Just a supplementary question to that one.

If film monopolies are set up in these countries, Mr. Hulten, that have, in effect, the power to display whatever movies they choose, to supplement the question that has already been asked, in effect that constitutes, at the minimum, political censorship of the pictures that are shown; and this is, I believe, true in the case of not only Russia but all the satellite countries, is that not true?

Mr. HULTEN. That depends on the definition of "satellite countries."

Dr. ELLIOTT. I would not, for instance, consider Hungary or Czechoslovakia in all respects satellite countries, but it would be true of Bulgaria, Yugoslavia, and Rumania and I suppose Poland.

Mr. HULTEN. Mr. Begg is here, representing our motion picture division, and he is much more familiar with the situation in individual countries than I. In many cases, pictures have been shown, but I quite agree with Dr. Elliott that a national monopoly is an effective way of preventing or regulating distribution. There have been, of

course, any number of negotiations with these monopolies in the hope that American pictures could be distributed either despite them or through them.

Dr. ELLIOTT. Might it not have the further effect of permitting the selection of American films offered, of a type that would be very deleterious to our own national interest? That is, they might well show the type of films that would represent this country in a most unfavorable light, and refuse to accept the run-of-the-mill pictures of commercial distribution.

Mr. HULTEN. I think you can fairly say that national monopolies may be put to the interest of the State in many ways; yes, sir.

Dr. ELLIOTT. It would be interesting if titles could be furnished of the pictures that have been shown in Russia in the past year and a half or two years, since the end of the war, say, in that respect, just for the record.

Mr. HULTEN. The Commercial Policy Division in the Department would have more accurate information on what has been shown. It was my understanding that Ambassador Smith has been working hard to get as full a distribution of American pictures as possible, but that the distribution has been relatively small up to this point.

Dr. ELLIOTT. And very carefully selected?

Mr. HULTEN. Yes, I would say that that is correct.

Dr. ELLIOTT. Either films that have to do with Never-Never Land or nothing very contemporary, or films that I won't name but that show a rather seamy side of American life.

Mr. HULTEN. I am sorry, without having the titles of the films which have been shown, I couldn't confirm that.

Dr. ELLIOTT. It might be well to get the titles, also, of the films that have been shown, if you care to have it, Mr. Chairman.

Mr. WORLEY. Could you provide the committee with that information? It will be most helpful.

Mr. HULTEN. I would be glad to, sir. (See p. 139.)

Mr. MURDOCK. Mr. Chairman.

Mr. WORLEY. Mr. Murdock.

Mr. MURDOCK. Even though that is a possibility—and we all, I think, recognize that it is a possibility that a distorted picture, adverse to America's interest, could be shown by careful selection on the other side of the ocean—you wouldn't advocate any sort of censorship excepting that which is imposed by the industry itself?

Mr. HULTEN. That is correct.

Mr. MURDOCK. We would simply have to take our chances on furnishing the world with the run-of-the-mill, typical, average film that is shown in this country, with the hope that they will take all and not select to our disadvantage?

Mr. HULTEN. We feel the picture of America is a picture of many aspects and many sides, and we feel that on the average, if we can get the pictures in, the result will be more than favorable.

Mr. WORLEY. Does your Department have any control over radio or press propaganda?

Mr. HULTEN. Control over it? We conduct the Government's international programs in both radio and press, yes, sir.

Mr. WORLEY. Are we beaming any or many radio programs to foreign countries now?

Mr. HULTEN. Yes, sir, we are producing about 57 hours a day in some 24 languages. Those programs are created by employees of the

Department and are transmitted over transmitters which are under the control of the Department.

Mr. WORLEY. Government-owned transmitters?

Mr. HULTEN. The Government owns approximately two-thirds of the transmitters, and leases the rest. It increased the number of short-wave transmitters which were available, which was very small before the war, for purposes of psychological warfare and information during the war, expanding the short-wave plant considerably.

Mr. WORLEY. You found that very valuable during the war?

Mr. HULTEN. We found it very valuable during the war, and we have every evidence that it continues to be very valuable.

Mr. WORLEY. Could you give us some idea of the type of the average broadcast?

Mr. HULTEN. There are many types of broadcasts. I would say that the typical type of broadcast would include a very brief period of news about America, of particular interest to the country to which it is beamed and in the language of the country; some commentary, attempting to make events understandable to the nationals of the country addressed, which includes a rather generous amount of editorial reaction obtained from the American press on activities or events of interest to that country; and an effort is also made to give some picture of American life that is significant to these people, such as the development of our industry, or the American home or the American Government, or something which makes America more understandable to these countries.

Mr. WORLEY. On that point, and just for illustration, do we have any programs directed toward Russia?

Mr. HULTEN. Not at the present time, sir.

Mr. WORLEY. Why not?

Mr. HULTEN. Up until last Sunday, as a matter of fact, we had no radio facilities which were capable of getting a radio program into Russia consistently.

Mr. WORLEY. Do the Russian people own radio sets?

Mr. HULTEN. During the war the radio sets in Russia, of course, were commandeered, as I understand it. Since that time the radio sets have been returned, and there have been quite an additional number brought into Russia. The 5-year plan now in progress calls for a rather expanded production of radio sets, running from about 350,000 the first year to nine-hundred-thousands-odd during the latter years. The facilities I was talking about, however, are the transmission facilities. We have never been able, because of certain propagation paths, to effectively reach that part of the world. On Sunday, as the press has indicated, we opened three or four, I believe it was—one we are using part-time—rather powerful short-wave transmitters in Munich, Germany, in the American-occupied zone.

Mr. WORLEY. Will that get through the "iron curtain"?

Mr. HULTEN. It is intended to reach those areas.

Mr. WORLEY. Do you know of any restrictions against the average Russian citizen which would prohibit his tuning in on those short-wave broadcasts?

Mr. HULTEN. No, sir. The British, some 6 months to a year ago, began broadcasts to Russia. I have talked, within the last month, to Yvone Kirkpatrick, who is Under Secretary of State for the British Foreign Office in charge of this activity. His evidence seems to be that there is considerable listening, and very little effort made to prevent it.



Mr. WORLEY. Are there any foreign countries sending short-wave radio programs to the United States?

Mr. HULTEN. Yes, sir. I forget the exact number, but there are some 35 or 40, including, of course, Soviet Russia itself.

NOVEMBER 20, 1946.

*Short-wave broadcasts beamed to the United States*

The following (provided by the Foreign Broadcast Information Service) is a list of countries and transmitting times of their broadcasts beamed to the United States:

Country	Hours	Minutes	Language	Remarks
Bulgaria.....		10	English.....	Anglo-American service.
Czechoslovakia.....	1		Czech, Slovakian, English.....	
Great Britain.....	17	15	English, French, Spanish.....	North American service.
Finland.....		45	Finnish, English.....	
France.....	1	45	French, English.....	
Portugal.....	1	30	Portuguese.....	
Sweden.....		55	English, Swedish.....	To North America and Europe.
		55	.....do.....	To North America.
Switzerland.....	1	55	English and Swiss languages.....	
Union of Soviet Socialist Re- publics.....	1	15	English.....	To North America and Great Britain.
	3	5	.....do.....	To North America.
Belgian Congo (Leopoldville). French Equatorial Africa (Brazzaville).....	1 3		.....do.....	
		15	English, French, Por- tuguese, Spanish.....	To North, Central, and South America.
Australia.....	3	30	English.....	
China (Chungking).....	2		English, Cantonese, Mandarin.....	
Argentina (Ministry of In- formation).....		45	Spanish, Portuguese, French, English.....	To abroad.
Ecuador <sup>1</sup> (Voice of the Andes).....	(2)	(2)	Various languages.....	To the Americas and the world.

<sup>1</sup> Operated by the World Radio Missionary Fellowship, Inc. Most programs are of a religious nature.

<sup>2</sup> Throughout the day.

Since some of the broadcasts are not announced as beamed only to the United States, it was deemed advisable to mention which other countries are included.

The amount of shortwave programing is growing as countries resume activity after occupation or inaugurate operations in this relatively new medium.

Mr. WORLEY. Could you give us some idea as to what kind of program other countries are sending our way?

Mr. HULTEN. No, sir. We don't worry about it very much. They make every effort, as we do, to explain their point of view on certain events. I would say that was the principal effort. We know, of course, that there is a continuous stream of officially interpreted news and opinion sent to the United States.

Mr. WORLEY. Getting back to the type of program that we send, you say you try to make each one of interest to a particular country.

Mr. HULTEN. Yes, sir.

Mr. WORLEY. Could you give us an example of that? Using Russia as an example, would news of a strike over here be of particular interest to the Russian people?

Mr. HULTEN. I think a strike would be of very great interest to Russia. There is an impression over there that American labor is not free and has no freedom of action. There would also perhaps be a misunderstanding as to what the strike meant in terms of the



national economy. It might be described as an incipient revolution. To put that strike in its perspective in the national economy, what it is about, what the strikers get in the way of wages, and what they are striking for, and what the Government is doing in connection with the strike, I think is a matter of putting it in perspective in the minds of people who may not otherwise be able to understand it. We make no effort to portray a Pollyannaish picture of America. That would be very difficult and inaccurate.

Mr. WORLEY. Do you stick pretty close to the truth?

Mr. HULTEN. Yes, sir. We have a committee of the American Society of Newspapers, a very distinguished committee——

Mr. WORLEY. I mean as distinguished from some of the programs that come our way, that are often sugar-coated with propaganda.

Mr. HULTEN. During the war it was a definite policy on our short-wave programs to stick to the truth. We found that by telling the truth we gained an audience which depended upon us for the truth. We certainly have not departed from that. And as I say, a committee of the American Society of Newspapers just completed a thorough-going review of our programs, and said they could find no distortions or untruths or propaganda in the evil sense.

Mr. WORLEY. One of the best ways to combat these foreign "isms" that are always trying to get a foothold over here is to simply show the world how sickly their "isms" are compared with our own American system; how puny they look in comparison. Do you agree with that?

Mr. HULTEN. I would agree with that principle. It doesn't fall within our province of operation. We operate exclusively overseas.

Mr. WORLEY. Is any effort made to counteract the propaganda sent out by Great Britain or Russia or any other foreign countries? In other words, are we on the defensive or offensive?

Mr. HULTEN. We make no effort to take any notice of any direct statements by anybody else.

Mr. WORLEY. You don't monitor any of the radio programs coming this way?

Mr. HULTEN. They are monitored for us by the National Intelligence Authority, yes, sir, but we don't say that "Russia yesterday said ——," or anything like that. We tell the American story in its perspective. We have plenty of evidence that our story as told by someone else is rarely the full story; quite the opposite, sometimes. So that it is quite necessary that we deal with certain important events ourselves, rather than let somebody else deal with them for us.

Mr. WORLEY. What about press releases or dispatches, do you send out of any of those?

Mr. HULTEN. Yes; we do. We have a rather complete radio bulletin service which has existed in the Department of State for over 10 years now, which has been recently reorganized by Mr. Benton. That service leaves to the private press associations the so-called spot or general news. We transmit, however, full copies of texts of the President, the Secretary of State, important pronouncements of congressional leaders, on things of interest to the countries; and then it is edited by embassy staffs in the countries themselves, in most cases translated into the language of that country, and made available to the American press associations, to the foreign press associations, to the newspapers, and to the leaders of the country, so that they will understand fully the background of significant news, rather than

getting the rather sketchy report which heretofore they have been able to get because of the restrictive cable tolls, which have cut down stories and tended to emphasize only the more sensational aspects of the story.

Mr. WORLEY. Who receives that information?

Mr. HULTEN. You mean abroad?

Mr. WORLEY. Yes.

Mr. HULTEN. It is radioed abroad and is taken off the air by operators in our principal missions and then is translated by a staff attached to the Embassy and distributed by them.

Mr. WORLEY. In regard to those news digests of the types you have just described, they don't go generally to the people of a given country, do they?

Mr. HULTEN. No, sir, they do not.

Mr. WORLEY. Just to our own nationals—

Mr. HULTEN. Not to our own nationals, no, sir. They are designed for the people of that country and are translated into the language of that country. There is a part of the bulletin transmission which is designed to keep our own mission staffs abreast on general news developments in this country, and general opinion developments in this country. We call that an FYI portion—"for your information" portion. It is not for distribution. The distribution of the part of the bulletin which goes out in the country is principally devoted to full texts or digests of news of Government origin, and is designed for distribution to the nationals of that country, either through American channels, if a press association operates in the country, or through the news channels of the country itself. It is a rather small distribution in most cases, but it is designed to reach the mass media and opinion leaders of that country.

Mr. WORLEY. Getting back to the radio programs, if we were to withdraw our own activities in that respect, we would have no way, so far as the air waves are concerned, to combat any of the propaganda which other countries are transmitting, would we? Do you believe it to be a pretty important part of our international program?

Mr. HULTEN. I think that everybody in the Department, from the Secretary on down, is fully convinced of that. It is important—I mentioned the Munich transmitters before—it is important that we have a coordinated relay system most effectively to use the facilities; the number of frequencies available is restricted, and it is our point of view—as a matter of fact I think I might add that short-wave radio has never been commercially profitable to the licensees—I think it is the view of the licensees as a whole that Government will have to do the job, or at least subsidize it, in one way or another. And I think it is highly important that it be done, and done right.

Mr. WORLEY. You don't suppose we could carry commercial advertising to pay for it, do you?

Mr. HULTEN. No, sir. There were a few cases before the war of commercial advertising by short wave to Latin-American countries, but it tended to concentrate attention on the potentially profitable commercial areas of the world. Countries of intense importance to our foreign relations were skipped over. And still short-wave never even came close to paying for itself.

Dr. ELLIOTT. Is an effort being made to utilize the facilities of universities and educational institutions, such as used to be made,

I know, through WRUL and WRUR, to assist in this program of the Department of State?

Mr. HULTEN. Yes, sir; it is the Department's policy to use programs, wherever developed, which would be useful abroad. Every effort is made to get material from American educational leaders. We have at least two examples in what we call the American Radio University of the Air, which is rebroadcast in Italy and in Poland. It is rather an intellectual radio experiment which has gone over very well. In most cases the radio performers are either members of faculties or leaders in public life, or they prepare the scripts and somebody else voices them.

Dr. ELLIOTT. Mr. Hulten, I understand, if I correctly understood you, that in spite of the fact that some nations rather freely charge us with failing to carry out agreements and wrong motives, both as a nation and naming individuals here, it is rather below our dignity to answer these charges by making any counter charges; is that correct?

Mr. HULTEN. To answer them directly; yes, sir.

Dr. ELLIOTT. In other words, we don't give our version of what Russia's failure to fulfill political agreements means? Do we just ignore it?

Mr. HULTEN. We don't engage in any back-fence sniping. Our technique is not that of the debate. Our policy is to positively present the American point of view. If there is a diplomatic note, for instance, which is relative to a subject, we see that it is given the widest type of currency in the country to which it is directed.

Dr. ELLIOTT. I am thinking specifically of an instance like the long, drawn-out controversy over the Danube, for instance. Was an effort made to show what the Russian monopoly of river boats on the Danube meant, or anything of that kind, and what its control of navigation meant?

Mr. HULTEN. We certainly made every effort to tell what our position was on freedom of navigation on the Danube.

Dr. ELLIOTT. But we are reluctant to mention other countries by name?

Mr. HULTEN. Oh, no; we would mention other countries by name. We just don't engage in any——

Mr. WORLEY. In politics, you call it "mud slinging." You don't engage in that?

Mr. HULTEN. That is right. I think the American point of view on that was adequately expressed on the Danube issue. And, of course, we broadcast the UN debates on the subject, too.

Mr. WORLEY. Your Department also has to do with distribution abroad of motion-picture films, does it not?

Mr. HULTEN. Yes, sir.

Mr. WORLEY. Could you give us any idea of how many films you have now for distribution?

Mr. HULTEN. I would prefer to have Mr. Begg answer that question; he is prepared to do that.

Mr. WORLEY. Mr. Begg, will you come forward, please?

Would you state your name for the record?

Mr. BEGG. John M. Begg, Chief of the International Motion Picture Division of the Department of State.



**STATEMENT OF JOHN M. BEGG, CHIEF, INTERNATIONAL MOTION  
PICTURE DIVISION, DEPARTMENT OF STATE**

Mr. WORLEY. Could you give the committee any idea of how many motion-picture films your Department now has for distribution abroad?

Mr. BEGG. Our Division has for distribution abroad the films that were taken over from the Office of War Information and from the Office of Inter-American Affairs, as well as new ones that we have been securing during the past year. The exact number I am not acquainted with at the moment, because I have just returned from 4 months abroad. However, I can say that there were about 50 films that we took over from the Office of War Information, and some 200 that we took over from the Office of Inter-American Affairs; and we ourselves have been developing between 75 and 100 during the last year.

Mr. WORLEY. Are those 16 or 35 millimeters, or both?

Mr. BEGG. Those are 16-millimeter films. We are using primarily 16-millimeter films through nontheatrical channels. We do have 35-millimeter films made by the OWI, but we are reducing them to 16 millimeters and using them in that way.

Mr. WORLEY. What are you doing with those films now, Mr. Begg?

Mr. BEGG. Those films are now being used abroad through our missions, through the United States Information Service offices in our missions; they are being used through all nontheatrical channels that we can secure for their distribution. Those channels are civic, industrial, educational, and professional channels. We do some distribution ourselves in the sense of sending some of our projectionists out to show films on occasion. But by and large it is a question of making agreements with local organizations for the distribution of the films.

In Mexico, for example, the Government is cooperating very closely through the Department of Education in the use of our films.

Mr. WORLEY. Why are they doing that, Mr. Begg? Do they find these films of interest or of assistance, or what is the reason?

Mr. BEGG. They find them of great interest and of assistance. There is a feeling that I found particularly during my trip to Europe, that the people want to know what the United States is, and what it stands for. There is a tremendous development of interest, not only among the leaders of the country on international questions but among the students. I visited one university, Utrecht, in Holland, the Netherlands, where the students told me themselves that before the war they were not particularly interested in what was going on outside of their country, but today it meant everything to them, and they wanted to see what America was like. They not only want to see what America is like from the factual point of view—in other words, what we have constructed, what we look like, what our country looks like—but they want to know what we stand for.

So our films are being designed more and more to tell them not only the picture story of the United States, but some of the processes that have led up to what we are today.

Mr. WORLEY. Do you have any films other than what are called documentary films?

Mr. BEGG. No; our films are confined to the information, documentary type of film.

Mr. WORLEY. You have no films which have fiction in them?

Mr. BEGG. No.

Mr. WORLEY. Your story is simply a revelation of facts?

Mr. BEGG. Yes.

Mr. WORLEY. Could you give us some idea of a typical film that you distribute?

Mr. BEGG. Yes. We are at the moment completing a film on the rural nurse, another one on the county agent, one on country doctor, one on Philippine independence, another one on women voting in this country. We have had films very successfully used already, such as Tuesday in November, showing how we vote here. We have The Capital Story on the life of a Government worker. We have a picture on the Library of Congress; another very successful one on TVA, and so forth—that type of film.

Mr. WORLEY. Could you provide the committee with a list of, say, a couple of dozen titles?

Mr. BEGG. I should be very glad to.

Mr. WORLEY. By the way, Mr. Hulten, would you mind providing the committee with, say, a program for an average week of your radio broadcasts?

Mr. HULTEN. You would like them in English?

Mr. WORLEY. Oh, yes; if you please.

You say Mr. Begg, you have just come back from 4 months overseas?

Mr. BEGG. Yes.

Mr. WORLEY. On the one hand, it seems the State Department is trying to portray a true picture of the life of the United States and of its people and habits and customs and Government. Did you find any evidence or any impressions, in the minds of people abroad, which might not be—well, I will put it this way—which, based on commercial films they have seen, conflicted with the story you were trying to tell them? In other words, did they believe the stories or the pictures that the State Department is showing, or did they attach more importance and significance to commercial films?

Mr. BEGG. Well, I don't think it was a question of attaching more importance. I do think that the picture was not as full as it could be. There are inevitably certain impressions made by certain films that are not what we might say fully factual. By and large, I think that the contribution of the motion-picture industry through their films has been very considerable in presenting a picture of the United States. But I feel that there are certain factual films, these documentary films, which should and must be shown to balance that picture; they must be shown to the students, to the people, through nontheatrical organizations, so that they can understand what we understand in this country—that, on the one hand, we are looking at fictional films—to a large extent entertainment films—and, on the other hand, we have the factual, straight documentary films.

Mr. WORLEY. Do they make that distinction pretty carefully?

Mr. BEGG. Well, they haven't had enough documentary films to date to get to that point. I believe that with the tremendous interest that has been shown by people in getting films—our problem today is to get enough films to the field to meet the insistent demand—that demand shows they are interested in the films and that they are getting that point.

Mr. WORLEY. Do you charge any admission for these documentary films?

Mr. BEGG. No; these are nontheatrical films loaned on a non-profit basis to organizations that handle documentary films. We do not charge any admission fee for them; that is, when we shown them, we do not.

Mr. WORLEY. Do you find any opposition from the governments of other countries towards these films?

Mr. BEGG. On the contrary, Mr. Chairman, I have found very considerable interest from the governments of other countries.

Mr. WORLEY. In all other countries, without any exceptions?

Mr. BEGG. Well, I can't say considerable interest in all countries.

Mr. WORLEY. But some interest in all countries?

Mr. BEGG. Some interest in all countries, with the exception, of course, of Russia, where we do not show our documentary films, except in a few limited cases.

Mr. WORLEY. Have you asked to be permitted to show documentary films in Russia?

Mr. BEGG. Yes; we have made such efforts.

Mr. WORLEY. Have they asked to show their films over here?

Mr. BEGG. They just show them, when they can.

Mr. WORLEY. And the films they show over here are both documentary and commercial films and are Government-sponsored?

Mr. BEGG. Both.

Mr. WORLEY. We make no restriction whatever against their showing over here?

Mr. BEGG. No. I understand that they have to register with the Department of Justice on the films they show here, but that is as far as it goes.

Mr. WORLEY. What outlets do they have over here?

Mr. BEGG. They are free to turn to any of the many hundreds of organizations that we have here, showing nontheatrical films—the YMCA's, the schools, all other organizations which show non-theatrical films—they can go to them and make a deal with them for the showing of the films. It is up to the individual organizations.

Mr. WORLEY. But they are not anxious for us to enter Russia and show our films over there?

Mr. BEGG. Not that I have seen any indication of.

Mr. WORLEY. In fact, they are a little bit reluctant?

Mr. BEGG. They are more than reluctant.

Mr. WORLEY. How many other countries are carrying on the same type of work in the matter of documentary film distribution in other countries? In other words, how much competition do you have?

Mr. BEGG. Well, that competition is developing. This whole field of documentary films has grown tremendously during the war in the countries of the world. The power of the documentary film has come more and more to be recognized. It was recognized in the training of troops in all countries engaged in the war, and it is being developed rapidly by many countries. I should say that the most important producers today of documentary films, of the foreign countries, are the United Kingdom; Canada; Russia; France is getting under way; smaller countries like Czechoslovakia, Denmark, Sweden, have extensive plans for the production of documentary films; and other countries have similar plans, though not as extensive.



Mr. WALTER. Don't you think it would be advisable for the State Department to enter into some sort of a reciprocal agreement with Russia under which their films would be excluded unless and until our films were permitted to be shown in Russia?

Mr. BEGG. That is a matter which comes under the heading of freedom of communication and freedom of information, which is a question——

Mr. WALTER. Well, reciprocal agreements of that sort are not new to us; we have all sorts of reciprocal trade agreements.

Mr. BEGG. Yes; trade agreements; but our policy, as I understand it, of freedom of information, is to permit the free flow of ideas through the media of communications, the press, radio, books, and so forth.

Mr. WALTER. The fact of the matter is that the so-called documentary films from Russia are propaganda, pure and simple, aren't they?

Mr. BEGG. I think that you could say that that is true; yes.

Mr. WORLEY. I heard this story, Mr. Begg—I don't know whether it is true or not—but I understand that the Soviets took several excerpts from some of our news reels over here and showed them generally in Russia, one of the scenes was of a strike in Detroit, which showed a policeman beating a striker over the head with his billy club. I understand, further, the Russian audience didn't seem to be so much interested in the brutality of the scene as they were in looking at the good pair of shoes the striker had on his feet; is that story correct?

Mr. BEGG. I remember reading that account in Mr. White's book, but I don't know what the facts are behind it. I do know this—that there were ways and means for the Russians to get news reel subjects from here, that we had an interchange agreement with the Russians during the war whereby they sent to this country their news-reel subjects, and they were made available to our news-reel companies for selection by them. We, in turn, sent to them the United News Reel prepared by the Government, for them to use in their news reel. Sections were used for a period of time, and then it ceased, I believe because of the lack of raw stock in Russia. But it has not been continued, to my knowledge, since.

Mr. WORLEY. In your documentary films, do you make any effort to sell the people of other countries on things we produce over here, or things we want to sell? Do you commercialize them, or are you inclined to, or what?

Mr. BEGG. Well, I would put it this way, Mr. Chairman—that we do so indirectly, because we are more and more cooperating with American industry and business concerns to get them to produce what they call institutional advertising films, and when those institutional advertising films present a true picture of the United States, a certain phase of life in the United States, we distribute those films to foreign countries. We work out arrangements with industrial concerns to put these films into various foreign languages and distribute them. We have done so with a dozen or more companies already and expect that to be an important part of our program.

Mr. WORLEY. Who makes these films?

Mr. BEGG. For instance, the United States Steel Corp. We used one of their films that they had made. Westinghouse had a film which we used. The Greyhound Bus Line for instance, had a scenic



film on the United States. Also, General Electric and the Santa Fe Railroad, and various companies of that type, are more and more loaning us their films for use abroad. We are hoping to get even more cooperation from private business and industry in the production of films of this type.

Mr. WORLEY. Does the motion-picture industry cooperate with you in these pictures?

Mr. BEGG. The motion-picture industry—if you mean the motion-picture industry in Hollywood, they usually do not produce that type of film.

Mr. WORLEY. Do they make any of these pictures other than the commercial kind that you describe?

Mr. BEGG. Yes, they do—for instance, the March of Time and This is America, and so forth. They are making that type of film.

Mr. WORLEY. And you use that type?

Mr. BEGG. They go out through the theaters; they are given theatrical distribution.

Mr. WORLEY. I mean the type that you are using, who makes these noncommercial, nonsponsored films?

Mr. BEGG. We do produce, ourselves, under contract. We definitely have a program of production to make nontheatrical, documentary films which are not otherwise available. We make them under contract and supervise their production. We do produce them in that way.

Mr. MURDOCK. Mr. Chairman, when you asked a moment ago for a few titles, I wonder if that couldn't be made more than a few? Couldn't we have for the record a complete list, or nearly a complete list, of the documentary films?

Mr. BEGG. I would be very glad to give you a comprehensive listing; and I would be glad, if you care to, Mr. Chairman and members of the committee and Dr. Elliott, to have you see some of these films in our projection room in the State Department.

Mr. WORLEY. That would doubtless take quite awhile. However, we might call on you after we see this list.

Mr. BEGG. I shall provide a comprehensive list.

Mr. WORLEY. We will appreciate your doing so.

(The list referred to is as follows:)

Following is a list of films produced or used by the Office of Inter-American Affairs (many of these have a continuing usefulness in the Department's program):

Accent on Courage	Battle of Russia
Acrobatic Aces	Before It Happens
Advanced Baseball Technique	Beneath the Sea
Airacobra	Beyond the Line of Duty
Airborne Infantry	Black Scourge
Aircraft Carrier	Blow Pipes
Airways to Peace	Boy and His Cow, A
Alaska's Silver Millions	Boy in Court
Aluminum	Bronx Zoo
Attack	Brought to Action
Attack—Battle for New Britain	Building of Boys
Autobiography of a Jeep	Cadet Cagers
Bank That Saves a Community, The	California Junior Orchestra
Basketball Technique	Campus Frontiers
Basketeers	Carry the Fight
Battle, The	Cavalcade of Sports
Battle of Britain	Champions Carry On
Battle of the Marianas	Child Went Forth, A

City Within a City	North American Farming
Cleanliness Brings Health	Nurses in Training
Coast Guard Task Force	On the Air
College for Americans	On the Farm
Contact America	Orders from Toyko
Convoy Snapshots	Parachute Athletes
County Agent, The	National Parks—Part I
Craftsman, The	National Parks—Part II
Defense Against Invasion	People of the Ozarks
Democracy in Action	Picturesque Massachusetts
Design for Happiness	Pig Projects Make Profit
Divide and Conquer	Poultry Raising
Doctor, The	Power and the Land
Down Where the North Begins	Power for the Americas
Dryland Farming	Prelude to War
Education for Death	Public Sport No. 1
Elemental Irrigation	Rack 'Em Up
Eve of Battle	Right of Way
Eyes for Tomorrow	Roads of Tomorrow
Eyes of the Navy	Rodeo
Farmers of the Future	Rosemary Junior School
First Aid	Sand and Flame
Fleet That Came to Stay	School, The
Forty Boys and a Song	Ship Is Born, A
Fulton Fish Market	Silent War
Garden in the City	Soil Saving Grasses
Golden Grapefruit, The	Soldiers of the Sky
Good Job, The	Soldier Stevedores
Great Railroads at Work	Southwest Pacific Front
Growing Americans	Specialty Farming
Guardians of Plenty	Spirit of Nobel
Gymnastics	Stop Silicosis
Handing it Back	Student Life
Harvest for Tomorrow	Super Athletes
High Over the Border	Sweeney Steps Out
Home on the Range	Tanks
Home Place	Tennis Champions
Hookworm	That Justice Be Done
How Young America Paints	There Shall Be Freedom
Hudson River	This is Tomorrow
Human Body	This Plastic Age
Insects as Carriers of Disease	Thunderbolt Hunters
Inside Baseball	Time
Inter-American Cooperation	Tools at Hand
Inter-American Devel. Commission	Town, The
Jeeps in War and Peace	Town in Old Mexico, A
Lake Carrier	Trail Breakers
Learning to Swim	Transmission of Disease
Marines at Tarawa	Trees for Tomorrow
McDonough School	Tuberculosis
Memphis Belle	U. S. Army Band
Men of West Point	U. S. Coast Guard Band
Michigan on the March	Vandals in the Night
Milk—the Food for Everybody	Victory in the Air
Mission Accomplished	Victory Gardens
Model Aviation	Washington First in Apples
Mosquito Control	We Refuse to Die
Music in Industry	Water—Friend or Enemy
Music Masters Nos. 1, 2, 3, 4, 5, 6	Western Stock Buyer
Navajo Land	What is Disease
Nazi Atrocities Nos. 1, 2, 3	Where Mileage Begins
Nazis Strike	Wild Wings
New West	Winged Scourge
New York Calling	Wings of the Future
Ninth Inning, The	Women in Blue
North American Boy	Women in Defense
North American Cadets	Women in Medicine

In addition to the above films, the Office of Inter-American Affairs distributed a number of technical films on such subjects as public health, medicine, dentistry, surgery, and various phases of technological development in the United States.

Films used by the Motion Picture Bureau of the Overseas Branch of the Office of War Information (many of these can be of continuing usefulness in the Department's program):

Swedes in America	Paratroops
Cowboy, The	Prelude to War
Valley of the Tennessee	The Nazis Strike
Arturo Toscanini	Divide and Conquer
Steel Town	Battle of Britain
Journey, The	Battle of Russia
Pipeline	With the Marines at Tarawa
Oswego	Memphis Belle
Autobiography of a Jeep	Attack—Battle for New Britain
A Better Tomorrow	Battle for the Mariannas
Library of Congress	Brought to Action
Northwest U. S. A.	Winged Scourge
Tuesday in November	Water—Friend or Enemy
Capitol Story	Fury in the Pacific
San Francisco Conference	Cummington Story
City Harvest	They Do Come Back
Freedom to Learn	Antioch College
The Pale Horseman	Sand and Flame
Henry Brown, Farmer	A Child Went Forth
Combat Report	Power and the Land
Fire Power	Building of Boys
Democracy in Action	Harvests for Tomorrow
Birth of the B-29	Life of a Thoroughbred
Navy Yard	Fight for the Skies
Grasshoppers	Nurses in Training
Wilson Dam School	Target Tokyo
Battle of San Pietro	Guardians of the Wild
Trees To Tame the Wind	The Fleet That Came To Stay
Fighting Lady	To the Shores of Iwo Jima

Additional films which have been or are being acquired or produced by the Department:

Teachers' College	New England Fishermen
County Fair	The Wheat Farmer
Public Library	National Poultry Improvement Plan
High School of Art and Music	The Land—To Have and To Hold
Agricultural College	The Symphony Orchestra
The New Neighbor	Patterns of American Rural Art
The People Sing	The Capital
Hurricane Circuit	White Battalions
Public Opinion Polls	Night School
Country Storekeeper	Parent-Teachers Association
U. S. Army Occupies Japan	Home Is the Sailor
To Greater Vision	Dairy Farmer
Reunion	Rural Nurse
The Lean Years	Little Fires
Girl Scout Leader	The Structure and Functions of Unions
When Good Neighbors Get Together	American Homemakers
Not by Books Alone	Assignment Tomorrow
Hay Is What You Make It	Popular Science 1, 2, and 3
A Republic Is Born	Keep 'Em Out
International Fishing	Sunday in New York
Walking on Air	The Story of Lincoln Tunnel
Grand Canyon	This Is New York
Empire on Parade	In the Beginning
National Gallery of Art	Under Western Skies
Farming in Walla Walla	Look and Listen
Senior Scouting	School Days in the Country
Trees To Tame The Wind	Historic Death Valley
Irrigation Farming	University in White
The Farmer's Wife	Ninth State

Yes, This Is New Mexico  
 North Carolina  
 Colorado Rockies  
 People of the Ozarks  
 There's More Than Timber in Trees  
 This Plastic Age  
 Pennsylvania Turnpike  
 Terracing in the Northeast  
 The Corn Farmer  
 City Within a City  
 Operating a Forest Nursery  
 Washington, D. C.  
 Orchard Irrigation  
 Science and Agriculture

Child Health Conference  
 Facts About Fabrics  
 Aptitudes and Occupations  
 Nickel Highlights  
 Airways to Peace  
 Bridging San Francisco Bay  
 Farmers of the Future  
 Save That Soil  
 Guardians of Plenty  
 Wise Land Use Pays  
 Farmstead Sanitation  
 Petroleum  
 Where Mileage Begins

In addition to the above films, the Department has used a number of films on various medical, dental, technical, and special-interest subjects. A limited number of prints of films of this type are in distribution.

Mr. WORLEY. Dr. Elliott.

Dr. ELLIOTT. I don't know whether you or Mr. Hulten wish to answer this, but what does the Department suggest in the way of getting the right kind of commercial films abroad? There is no censorship, that is understood, and an agreement with the industry to that end. But there is a certain selective process to prevent happening what the committee saw at Tehran, for instance, where there were films showing that did not follow in any way our line of policy at the time. Is there an effort made at cooperative arrangements with the motion-picture industry on commercial lines to screen in any way both the quality and the type of films?

Mr. BEGG. Dr. Elliott, perhaps the best way to explain that would be to trace what has been done in that connection in the past, and what we are doing now.

First of all, I would like to state that the Department does not in any way review or censor privately produced motion pictures which are distributed abroad through regular commercial channels. During the war years the Office of War Information and the Office of Inter-American Affairs cooperated with the motion-picture industry in the selection of films and in matters concerned with the content of films to be exported to the countries with which these agencies were concerned.

The Office of War Information operated through a branch office in Hollywood. The Office of Inter-American Affairs operated through an organization known as the Motion Picture Society for the Americas, which was supported financially by that office but whose directors and president were in the motion-picture industry.

When these two war agencies were abolished and certain of their activities were transferred to the Department of State, the Department consulted with leaders of the motion-picture industry on the need for assuring the careful consideration of the type of films to be exported. As a result the industry leaders agreed to study carefully certain recommendations made by the Motion Picture Society for the Americas for continuing many of its activities on a world-wide basis. It was the opinion of the industry that if such a central organization were to be continued and expanded, it should be maintained entirely by the motion-picture industry. The Department concurred with this opinion and thereupon discontinued the former Office of War Infor-



mation and the Office of Inter-American Affairs in Hollywood. The Department understands that as a result of this study made by the motion-picture industry the conclusion has been reached that these matters can best be handled by existing facilities within the industry, and that no new organization should be created for this purpose.

Now our position at the present time is that we are willing to co-operate and aid upon request from the industry, in any matter in which motion pictures would further international understanding.

The Department, as I have said before, recognizes fully the great contribution which the universally popular American films can and do make toward achieving this objective, but again, as I have mentioned before, there is need for supplementary work through the use abroad of documentary informational films, the kind of work we are doing in our program.

Dr. ELLIOTT. So it would be fair, would it, to summarize your program by saying that you rely upon your documentary films to carry the direct message of the State Department, and that you rely upon self-regulation by the industry to give a true picture of American life and a high quality of picture for distribution abroad?

Mr. BEGG. The two combined; yes.

Dr. ELLIOTT. That is the present policy?

Mr. BEGG. Yes.

Dr. ELLIOTT. And the Motion Picture Association of America and the Society of Independent Motion Picture Producers, I understand are joined in support of the vehicle for doing that for the industry?

Mr. BEGG. They have some facilities for doing it, that is my understanding.

Dr. ELLIOTT. May I just ask you this question? We spoke before about film monopolies and that we were in the position of offering commercially selected films for export abroad to these countries which have film monopolies, and then being forced to let them do the censorship at their end. That is the present situation, is it not?

Mr. BEGG. Yes. The question of film monopolies, Dr. Elliott, is one that comes under the supervision of the Commercial Policy Division.

Dr. ELLIOTT. I wondered if you had any interest in that from the information point of view, since it obviously gives an opportunity to distort the picture given of the United States very radically, through censorship at the other end and a very complete selection from the wrong angle. It would perhaps come back to Congressman Walter's question about reciprocal arrangements, when that attitude was taken.

Mr. BEGG. Well, that whole question of monopolies is one that I would like, if I may, to pass on to the other representatives. We are interested in it and work closely with them, first to try to get films into countries because we are interested in having the picture of the United States shown through commercial films—

Dr. ELLIOTT. I have no desire to get you to answer the question if somebody else from the State Department is in a position to do so. There is a question of policy there which obviously would demand the attention of Congress, and particularly in this report, from the point of view of whether or not we should enter into any reciprocal arrangements with a view to increasing our bargaining position and exclude, as well as permit, films on a reciprocal basis. If the State Department

has an opinion on that it would be of interest to the committee, I imagine, as a matter of their attitude on a policy question. Whether you care to put that to Mr. Hulten or to defer it for the Commercial Policy representatives of the State Department is a matter, I suppose, of indifference to the committee, but an answer would be interesting.

Mr. BEGG. I should prefer to defer it to the Commercial Policy Division of the Department since they are interested in commercial agreements.

Dr. ELLIOTT. All right, we will pass that.

Mr. WALTER. Mr. Chairman.

Mr. WORLEY. Mr. Walter.

Mr. WALTER. Don't you think it would be tragic if this program of disseminating documentary films should be abandoned? I ask that question because when I was in Europe over a year ago I found that everybody was literally hungry to know about America, whether it was a barmaid or a taxicab driver or a member of Parliament or some public official, and the things that they asked about seemed to me to only be brought to them through the type of documentary films that our State Department is now making available.

Mr. BEGG. I agree with you completely on that point, and my trip to Europe has convinced me that not only are we just beginning to do the job that we should, but that it is highly important to us as a country that it should be done. I have had representatives of the government in a Scandinavian country come to me and say that they would offer their full cooperation if we would give them even more films than we have so far for their outlets. They even made suggestions of the types of films that they would like to see. It is vitally important to show them what we are like from all points of view, such as from the ideological, the commercial, and cultural standpoints.

Mr. WALTER. Don't you feel that the field is more fertile now than it ever will be for Americans to sell America?

Mr. BEGG. This, to my mind, is a psychological moment. The world outside of America is looking for something for the future, and they are listening to ideologies and "isms" of all kinds. Today is when they are looking to America, and we mustn't fail them in that respect.

Mr. HULTEN. I would like to add something to that. In the so-called satellite or "iron curtain" areas where, before the war, there had been developed rather excellent visual education programs in the schools, the materials for those programs are either badly out of date or have been destroyed, and they are looking to America, as well as to other countries, for these materials. In every country that I visited the minister of education and the teachers themselves were begging for material on America, how it operates and what its points of view are.

Mr. WORLEY. On the point Mr. Walter brought out, Mr. Begg, are you familiar with a memorandum on the postwar international information program of the United States, by Dr. Arthur W. Macmahon?

Mr. BEGG. I have been familiar with it in the past.

Mr. WORLEY. Published by the Department of State in 1945?

Mr. BEGG. Yes.

Mr. WORLEY. In that document I find that from Australia it was reported, in Dispatch No. 836, dated June 7, 1944, as follows:

A country boy or girl could not be blamed for thinking that the majority of Americans are engaged in crime or frivolity.

Does that impression come as a result of your documentary films?

Mr. BEGG. As a result of the documentary films—I should say not. Our documentary films are prepared in order to give a fair and true picture. We have for instance a picture on the cowboy that we have used with success. It shows what the cowboy really is like today, and what people have sometimes thought he was like.

Mr. WORLEY. Well, assuming that this report is correct, where do you suppose they would gain such an impression?

Mr. BEGG. There are always films which make an impression that distorts the point of view of people who cannot see the picture as a whole.

Mr. WORLEY. Which picture?

Mr. BEGG. The picture of the United States, of our life here, as a whole. That type of film, when we see them in this country, we take them for what they are—entertainment films. Sometimes abroad, certain films—there is no question about it—will give an impression which is wrong. They are not accepted for what they are. But that does not mean that because one or a few or a number of pictures give that impression that, by and large, the use of commercial films should be condemned. On the contrary I think they serve a good purpose.

Mr. WORLEY. Do we send any documentary films to Australia?

Mr. BEGG. We are sending them to Australia now and the demand there is growing very greatly for them.

Mr. WORLEY. From the same memorandum I quote from one of our officials from Morocco, on November 6, 1944, No. 2445:

Probably the most powerful media of information are the motion picture and the radio. To any American who lived abroad before the present war it will be only too obvious that American pictures were of such a character as to convince foreigners that we were largely a Nation of morons and gangsters.

Where would foreigners get such an impression as that, from documentary films?

Mr. BEGG. Certainly not. It is possible that they got such impressions from films before the war, and that is why the war agencies were so interested in cooperating with Hollywood, to see that such impressions which were being reported to us were not continued. Those reports you quote were sent on to the Motion Picture Association by the Department for their information. Because during the war we did cooperate with them, we have had fewer and fewer reports on films that are having a bad effect. But it is now up to the industry itself to see that such films do not get out to the field, as they did before the war.

Mr. WORLEY. Another report from the Iranian market, in a 1945 information intelligence report was as follows:

Unless some control is exercised over export of American commercial films official efforts to maintain a cultural-relations program are futile. The representation of America through educational pictures is contradicted by the large volume of gangster and horror films poured into the Iranian market by commercial companies.



Mr. BEGG. That is one of the reasons why we in the Department are so interested in the fact that the motion-picture industry has stated—their leaders have stated—that they are going to impose self-regulation, and I believe that the representatives of the industry that are here today will be able to tell you some of those methods that are going to be employed for that self-regulation, which we in the Department believe are important.

Mr. WORLEY. The committee feels they are important also.

Here is an additional one from New Zealand, Dispatch 151, June 15, 1944:

New Zealanders usually ask why they cannot have films showing everyday life, not the so-called Hollywood version of the war propaganda type.

As I asked you originally, if, on the one hand, the State Department is spending a good bit of time and money to present a true picture of American life, for obvious purposes, whether at the same time that good work might not be torn down by unwise distribution of commercial films which do not convey a true picture of American life and customs? It seems to me that question is very important.

Mr. BEGG. Very important, and that is why I believe that the motion-picture industry has a great responsibility today on its shoulders which it is up to them to carry out.

Dr. ELLIOTT. We will have questions later on, as you suggest, Mr. Begg, of the industry itself to inquire into the method of self-regulation, and as to its success in raising the level of films. They are also interested in raising the commercial level of films and their distribution, as well as the true picture of American life. But would it be your impression in the State Department that if you could get a fair run of high-quality films today, in sufficient numbers so that you offset bad impressions by showing true impressions, that the public abroad, like the public at home, would do its own selecting and thinking about American life?

Mr. BEGG. I would agree that if you get enough films abroad of the higher quality, that that, together with other information that they get through other media, will enable them more and more to balance their picture of the United States.

Dr. ELLIOTT. And there might be some question as to whether or not these dashing western films give a bad impression of the United States. It is one period that many people feel was a very heroic civilization.

Mr. BEGG. That is true.

Mr. WORLEY. Are there any further questions? (No response.) Thank you very much Mr. Begg.

Is Mr. Golden here?

Mr. GOLDEN. Yes, sir.

Mr. WORLEY. Please state your name and position for the record.

#### STATEMENT OF NATHAN D. GOLDEN, CONSULTANT FOR MOTION PICTURES, DEPARTMENT OF COMMERCE

Mr. GOLDEN. My name is Nathan D. Golden, consultant for Motion Pictures, Office of International Trade, Department of Commerce.

I haven't. Mr. Chairman, prepared any brief of any kind. Only last Wednesday evening did I know that this committee desired my

presence. I am prepared, however, to answer any questions that you might propound with reference to the sale, distribution, and marketing of American motion pictures abroad.

Mr. WORLEY. The committee and Congress are interested, naturally, in developing foreign markets for the motion-picture industry, for both commercial, the right kind of course, and documentary films also. We desire to know from you just what the Department of Commerce is doing, just how much cooperation it is extending to the motion-picture industry in its efforts to secure better markets abroad, and in attempting to combat any restrictive legislation other countries might be setting up.

Mr. GOLDEN. Back in July 1926 Congress created an office in the Department of Commerce to service the motion-picture industry. The prime purpose was to furnish the motion-picture industry with basic information relating to the marketing of their pictures in foreign markets, just as is given to other industries represented in the Department of Commerce.

For the past 20 years the Motion Picture Division of the Bureau of Foreign and Domestic Commerce, Department of Commerce, has been furnishing the industry with factual information as to conditions existing in foreign markets, information covering censorship, quotas, any type of legislation, the number of theaters in a given market, the taxes that exist in the market, and any other type of information of a commercial nature that will be useful to them in surveying that market, with the prime purpose of selling American motion pictures.

I might say at the outset that the first survey we made back in 1926 showed that at that time 95 percent of the motion pictures shown throughout the entire world were American motion pictures. That has since dwindled to about 65 percent, due to legislative barriers, both artificial and otherwise, which have been created against the showing of American pictures abroad. I brought a couple of these surveys with me for the information of the committee, and some of them that are being carried on cover not only motion pictures but the sale of American motion-picture equipment abroad, in which we also have a very vital interest.

Mr. WALTER. By "legislative barriers," you mean barriers erected by other countries?

Mr. GOLDEN. By other countries against the showing of American pictures, such as quotas, or they maintain internal barriers of some type or another.

Mr. WALTER. Why do they do that?

Mr. GOLDEN. Well, there are several reasons why those things are done. To some degree, in certain countries they may be political. In other places they may be for the purpose of creating their own motion-picture industry.

Mr. WORLEY. What do you mean by "political"—domestic politics?

Mr. GOLDEN. Domestic politics. You might find that certain groups of people feel that the motion-picture industry in a given country is quite a lucrative business and desire to foster domestic production. They may create a motion-picture industry within that country and then later on push through legislation that diminishes the showing of American pictures, so that the nationalistic product may be shown on their screens.

Mr. WORLEY. We don't have any barriers against foreign films, do we?

Mr. GOLDEN. We have an absolutely free market for any country in the world to bring their pictures into this market if they meet the requirement of paying customs duties. America is the most lucrative market for any type of pictures, but they must be pictures of the type that the American audience desires and wants to see.

Mr. WORLEY. Otherwise they don't do any business? It is purely a selling proposition?

Mr. GOLDEN. That is right.

Mr. WORLEY. So we really have no restrictions, no restrictive legislation, against any films whatsoever?

Mr. GOLDEN. None whatsoever, other than the six States of the Union that maintain a censorship.

Mr. WORLEY. What are other reasons, Mr. Golden, why restrictive legislation is imposed against our films?

Mr. GOLDEN. Well, of course you have foreign exchange problems—

Mr. WORLEY. In the sterling area?

Mr. GOLDEN. Not only in the sterling area, but in the countries that have just gotten back into operation, such as France and Italy. Of course, in Austria we haven't really started to show pictures other than those which are being shown through War Department facilities.

Mr. WORLEY. Did the Bretton Woods agreement and the trade concessions or modifications, in relation to the British loan, help the film industry?

Mr. GOLDEN. Very much.

Mr. WORLEY. In the entire British Empire?

Mr. GOLDEN. Yes; it gives us free exchange of monetary returns to this country for all permitted current transactions and an assurance of the liquidation of the sterling area dollar pool by July 15, 1947.

Mr. WORLEY. Well, now, you say the main reasons for restrictive legislation abroad against our product are, first, political; and second—

Mr. GOLDEN. Creation of a nationalistic industry.

Mr. WORLEY. Are there any other reasons?

Mr. GOLDEN. Yes; in some cases they don't like to see our ideas and ideals propounded to the degree that they have been in the past.

Mr. WORLEY. Would that be true whether a film was documentary or commercial?

Mr. GOLDEN. I am talking strictly about commercial films.

Mr. WORLEY. Are there any other reasons that you know of?

Mr. GOLDEN. Offhand those are about the most important.

Mr. WORLEY. What efforts does your Department make to prevent or counteract restrictive legislation?

Mr. GOLDEN. Well, we are trade promoters and not trade protectors. The State Department is charged with that part of the work in government, to protect the American trade. It is the function of the Office of Commercial Policy of the State Department to do that. But we in turn set up the danger signals as we get these reports from abroad, through direct dissemination through the press and to the industry itself.

Dr. ELLIOTT. There is one question, before you leave the reasons for limiting and discriminating against American films, that I would be



interested in your comment on, Mr. Golden. That is the question of the type of films that have been distributed, class B and poorer films, in very large numbers by a number of independent producers in the past, competing in markets that were already pretty saturated with pictures. The net effect of that would be to limit very strictly the booking time of local producers with their own exhibitors, if we took too much of the exhibition time in any given country. That was a complaint frequently heard by the committee last year in its rounds. Now would that, according to you, be a factor in this business, the distribution of too many American second-rate films that took up too much booking time?

Mr. GOLDEN. I think it is a great factor, Dr. Elliott. Unfortunately no one has any control over a commercial firm that wants to sell their pictures in any markets of the world. However, I will say this, that I think since the commencement of the war you will find that the industry has turned out a better, higher-grade product. With reference to the independents flooding the market, in many cases—

Dr. ELLIOTT. I am not referring solely to independents, but to any companies.

Mr. GOLDEN. I think also, in defense of the organized industry, that they themselves have limited their distribution of the number of pictures that they are sending into the foreign markets so as not to flood those markets and so as to give the domestic industry an opportunity to sell their pictures on the screens within the market.

Dr. ELLIOTT. Well, is that not true now of the entire motion-picture industry?

Mr. GOLDEN. That is very true.

Dr. ELLIOTT. I understood that the Export Corporation which has been set up was directing its attention specifically to this point.

Mr. GOLDEN. Yes, sir; they feel that even though these nationalistic industries have been created, that they too have a right to live and show their pictures within their own market or any other markets.

Dr. ELLIOTT. Am I correct in thinking that the Society of Independent Motion Picture Producers is a party to the Export Corporation, and in full accord with it?

Mr. GOLDEN. In full accord; yes.

Dr. ELLIOTT. So that particular problem is in the process of elimination?

Mr. GOLDEN. Yes; and under the voluntary control of the industry.

Dr. ELLIOTT. May I ask one more question? What is the magnitude of the commercial export of pictures abroad, gross and net, in return to the motion-picture industry of this country, as far as you are able to judge?

Mr. GOLDEN. It has been estimated that 40 percent of the gross returns to the American motion-picture industry come from their foreign markets.

Dr. ELLIOTT. Gross?

Mr. GOLDEN. Yes.

Mr. WORLEY. Around ninety to a hundred million dollars?

Mr. GOLDEN. Well, I don't know exactly how much that might be, Mr. Chairman; it might vary, but it is upward of a hundred million dollars; and, as I said, the loss of any portion of that would be very detrimental to the existence of the American motion-picture industry. It would mean that we would have to turn out an inferior product in order to get our negative return on the pictures produced



in this country. Production costs have gone up tremendously since the war. We have had the financial resources to put into good-quality motion pictures, and I might say here for the record that pictures in the past few years have improved considerably in quality, and that they are the lifeblood of every foreign exhibitor. Without them they couldn't exist or keep their theaters open.

Dr. ELLIOTT. So that if a substantial part of the foreign market were cut off its effect would be to lower the whole standard of American motion pictures?

Mr. GOLDEN. Correct.

Dr. ELLIOTT. And to deprive them of their presently enjoyed competitive advantage through large-scale resources and widespread distribution?

Mr. GOLDEN. Yes, sir. I might say also that I recently returned from Europe and in conversations with people in the seven different countries that I visited the one question would be, "When will you send us some of your American pictures?" It so happened that in two of the countries that I visited our American pictures were not being shown at the time.

Mr. WORLEY. What countries were they?

Mr. GOLDEN. Czechoslovakia, France; in Austria and Germany the old OWI films that followed the troops, were being shown; in France our pictures were not being shown at the time; Belgium had just opened up; and as to Switzerland, we always shipped film into there.

Mr. WORLEY. Why weren't they being shown in these two countries; was it due to their inability to get them?

Mr. GOLDEN. No; but because of certain regulations that were in effect, that were not to the interest of the American film distributor. If we were to operate under the terms that were propounded at the time we would have had to operate at a loss, and no business operates very long at a loss.

Mr. WORLEY. Were the reasons part of those you gave a while ago—restrictive legislation?

Mr. GOLDEN. That is right. Since that time, however, they have been straightened out and our films are being distributed in Czechoslovakia and also in France.

Mr. WORLEY. But not in the other three countries you mentioned?

Mr. GOLDEN. Oh, yes; they are being shown in all of the countries today.

Dr. ELLIOTT. I would be interested in hearing the answer to this one further question of Mr. Golden from the point of view of the Department of Commerce. What is the importance to the total foreign trade of the United States of the advertising value of the film industry as shown abroad?

Mr. GOLDEN. It is immeasurable. American motion pictures sell ideas and sell American merchandise. I can tell you a story along that line; it goes back a few years. It has to do with one of our American pictures being shown in Latin America and it depicted Adolphe Menjou as a barber in a very high-class barber shop. After that picture was shown, the very next day, a barber in this community came to our commercial attaché's office and wanted him to send to Hollywood to get photographs of that particular scene in the barber shop and the names of the manufacturers of the equipment that went

into that barber shop. The commercial attaché did so, and we supplied them to this barber, and we sold American barber-shop equipment to that individual and he duplicated that barber shop as he saw it in that film.

You could multiply that many times over in other parts of the world where American films have been instrumental in fostering the trade of the United States for other industries.

MR. WORLEY. Is that a reason for restrictive legislation in other countries?

MR. GOLDEN. I would say yes.

MR. WORLEY. It competes with their own products.

MR. GOLDEN. With their own products in their own markets.

MR. WORLEY. There is a good deal of truth then, in the statement that "trade follows the film instead of following the flag," isn't there?

MR. GOLDEN. As true as the spoken word. I might say that the one really credited for coining that phrase is the ex-King of England and Duke of Windsor. Many years ago in a speech that he made he used that phrase and it caught on. He said:

You can keep all the ships of America, the American flag, and many other things that are American out of the ports of the world, but if you keep the American film out then you are hurting American trade.

MR. WORLEY. That was reported in a London business paper in 1920, as I remember.

MR. GOLDEN. That is right.

MR. WORLEY. Speaking of the British, just how much opposition does the British Empire offer to our own motion-picture industry? I understand that a gentleman by the name of Rank has quite a monopoly on the British motion-picture industry?

MR. GOLDEN. He is quite an important gentleman.

MR. WORLEY. Is he interested in the market over here?

MR. GOLDEN. Very much so. The pictures he makes today must get released in this market in order to realize a profit, and he has a free and open market here if he turns out good pictures. He has made arrangements with a few of our American film distributors to distribute some of his pictures, and I might say to his credit that a number of his pictures have been excellent and comparable to any that we have made in this country, and that they have received good box office and good publicity. You gave one showing here right now, Henry V. You have had Seventh Veil and many other pictures.

MR. WORLEY. Wasn't Colonel Blimp one of his pictures?

MR. GOLDEN. Yes; that showed some time ago.

MR. WORLEY. How much interest does the British Government take in their own motion-picture industry? We have had testimony before this committee on any number of phases of foreign trade where the British Government worked hand in glove with their industry, negotiating trade treaties and subsidizing, and so forth. Do we have a free market over in England?

MR. GOLDEN. We do not. We have a quota applied against American motion pictures. As a matter of fact it is applied against any foreign pictures; and today 17½ percent of the films shown on the screens of Great Britain must be British pictures.

MR. WORLEY. Seventeen and a half percent?

Mr. GOLDEN. That is right. There is a quota act that expires in 1948. They are discussing now the possible extension of that quota act. They have even gone a step further and recently the Board of Trade has passed down an order that three of the largest theater chains would have to show six independently produced British pictures within the next year. Now that is a form of screen quota and it may be the forerunner of an even greater screen quota that might be applied which may come after this present act expires in 1948, and that would be very detrimental to our American film distributors because every time restrictions are imposed by some sort of legislative trick, and it becomes mandatory upon an exhibitor to show domestic films, it means that just so many American films find less playing time on the screens of that country. Yes; the British Government has given considerable support to the creation and development of the British industry. Mr. Rank, with his resources, is in a position to virtually dictate terms; he is a theater operator, makes pictures, and even manufactures motion-picture equipment.

Mr. WORLEY. But he doesn't have any competition over there such as we have over here?

Mr. GOLDEN. In what way?

Mr. WORLEY. In motion-picture production or equipment.

Mr. GOLDEN. Oh, yes; there are many independent producers besides Mr. Rank in Great Britain.

Mr. WORLEY. But the degree of competition is not as keen over there as here, is it?

Mr. GOLDEN. It is keener.

Mr. WORLEY. Keener over there?

Mr. GOLDEN. I would say so because they have less theaters than we have in this country. They have around 5,000 theaters in that market, and where you have an investment in a picture ranging from \$1,000,000 to \$5,000,000, it is difficult to get your negative cost out of 5,000 theaters. So therefore you must look for other markets, and rank has given our American distributors competitively a pretty good go of it in other European markets.

Dr. ELLIOTT. What percentage does the British market represent in our total overseas return from films?

Mr. GOLDEN. I would say somewhere between 40 and 50 percent.

Dr. ELLIOTT. It is a very big factor?

Mr. GOLDEN. Yes.

Dr. ELLIOTT. And therefore quite important?

Mr. GOLDEN. Yes.

Dr. ELLIOTT. Would it be fair to say that the motion pictures, by reason of the importance that every government attaches to them today, and because of the reasons for the discriminatory type of restrictions put on them, are the vanguards of all foreign trade with respect to restrictions, and that you can tell what is coming up against others of our exports by watching the way the moving pictures are restricted?

Mr. GOLDEN. I doubt if we can go quite that far, Dr. Elliott. Governments attach great importance to film for the reasons I have outlined and give them special consideration in the matter of restrictions. But exchange controls and quantitative restrictions are applied to the whole range of a country's imports and are imposed for a variety of reasons; for example, to insure priority for imports of



the things they most urgently need. I feel it would be somewhat dangerous to rely too much on the practice of a government with respect to any one product as an indication of what they might do with respect to some other product of a wholly different type.

Dr. ELLIOTT. Well, in that case it is something that affects the whole export trade of the United States very immediately and definitely?

Mr. GOLDEN. Yes, sir. The export of films definitely affects the whole United States export trade.

Dr. ELLIOTT. And often illustrates the type of controls that are going to be put on—

Mr. GOLDEN. It may, but there are, as I have said, other factors involved in other industries.

Mr. WORLEY. What do you suggest can be done to offset that?

Mr. GOLDEN. Well, the answer is better motion pictures and possibly a free market. I subscribe to Mr. Eric Johnston's pronouncements of a world film council, of getting the producers of the world together and, if necessary, government representatives. I don't think the American motion-picture industry is so greedy that they don't realize that other industries must live. All that industry asks for is an opportunity to compete on an even kneel with other foreign producers.

Mr. WORLEY. Do not the overwhelming superiority of American pictures in box-office terms, as proven competitively, and the tremendous backlog of first-class pictures that we built up during the war make a natural resistance to this on the part of foreign countries?

Mr. GOLDEN. But our American film distributors themselves have agreed among themselves to limit their distribution in those foreign markets; and then, too, only the better of that backlog of pictures are being chosen for distribution abroad, pictures that show America with its best foot forward, and do not give a distorted view of American ways of life.

Dr. ELLIOTT. And if the "take" of the motion pictures alone is imposed on foreign-exchange burdens in many countries today it would seriously throw out of balance their exchange with dollar exchange unless there were alleviating factors in the increase of their exports into this country?

Mr. GOLDEN. That could well be one of the problems to be discussed in this world film council that Mr. Johnston proposes, so that we would not tax, let us say, the foreign exchange of a given foreign country.

Dr. ELLIOTT. In other words, if J. Arthur Rank does not get a foreign market and in dollar countries, that failure will increase the pressure for the British to put on further restrictions to protect their exchange position in England?

Mr. GOLDEN. It might possibly, but I don't think Mr. Rank has to worry about that. He is free to come into this market, which is the greatest dollar market, and exhibit good pictures, and he is free to take those dollars right back to England.

Dr. ELLIOTT. In other words, it is a part of our general multilateral trade policy to try to give him a fair market in this country in return for a fair and unquoted market in England?

Mr. GOLDEN. Correct.

Mr. WALTER. Of course, the box-office appeal of our pictures could be destroyed quite simply in those countries where the Government



controls every phase of the economy, by directing those who have charge of the distribution of our pictures to select only the poorest types of pictures?

Mr. GOLDEN. I hardly think so, because I don't think that our American distributors would even attempt to distribute the poorer quality pictures that you speak of, Mr. Congressman.

Mr. WALTER. But suppose the poor pictures and the good pictures were both available, and the distributing agency in another country would make available for distribution throughout the country only the poorer pictures. The box office appeal would be destroyed rather quickly, wouldn't it?

Mr. GOLDEN. Our American distributors have control over what pictures they sell abroad. I might clarify something for you. Our American companies in the majority of cases distribute through their own facilities——

Mr. WALTER. But what would there be to prevent some independent company from going into business making poor pictures and flooding the foreign markets with them?

Mr. GOLDEN. It wouldn't be economical for them to do it because they couldn't get their negative cost out of the foreign market; they would have to sell them here first.

Mr. WORLEY. Are there any further questions?

[No response.]

Thank you very much, Mr. Golden.

Mr. GOLDEN. You are entirely welcome.

Mr. WORLEY. Mr. Brown, of the Export Division of the State Department.

#### STATEMENT OF WINTHROP G. BROWN, CHIEF, COMMERCIAL POLICY DIVISION, STATE DEPARTMENT

Mr. BROWN. My name is Winthrop G. Brown, Chief of the Commercial Policy Division of the Department of State.

Mr. Chairman and members of the committee, and Dr. Elliott, I, too, do not have a prepared statement but I understood that the committee would like to know the nature of the restrictions which exist in foreign countries against American films, and some of the reasons for their erection, and some of the things that the Department is trying and has been able to do to improve the situation.

As to the reasons: First I am sure that there are, sometimes, political reasons, and there are also in a great many cases the desire to protect a domestic industry which is either just beginning or which has been badly hit by the war and has been out of business. But I think one of the major reasons for the restrictions against American films is one which Dr. Elliott suggested just a moment ago, and which Mr. Golden also mentioned, and that is the basic shortage of foreign exchange which is prevalent abroad. Many countries are very reluctant to allow large amounts of their limited dollar supply to be spent on entertainment when they are having a hard time finding enough dollars to buy food and clothing and machinery and things of that kind which they need desperately to get their economies started. So that that fundamental issue underlies the restrictions against American films precisely as it underlies the restrictions on the purchase of most other American exports at this time. In other words, the problem

which the motion-picture industry faces has many common elements which American exports face in the markets of the world.

The restrictions which are imposed against the film industry are numerous, and I take it that the committee does not want me to go into very great detail, but I can supply any detailed information which you would like to have, later.

MR. WORLEY. Could you give us a memorandum on those restrictions?

MR. BROWN. I could give you a brief memorandum showing the nature of the restrictions in each country.

MR. WORLEY. We would like to have it.

MR. BROWN. Would you care to have me describe in general what they are or would you rather not take the time at this point?

MR. WORLEY. You heard Mr. Golden's testimony?

MR. BROWN. Yes.

MR. WORLEY. Do you have any additional statement to make on those points?

MR. BROWN. I think I could clarify a little one or two points he made.

One type of restriction is the limitation of the amount of time which foreign films can enjoy on the domestic screen; that is, they reserve so many weeks for domestic films.

The second is to require distributors to release a certain number of domestically produced films out of their total releases.

The third type is to impose a high tax on all foreign films, which is not imposed on domestic. In other words, it is really another tariff barrier.

Another type is to limit the numerical number of foreign films which are admitted.

Another type is to impose control on the amount of foreign exchange which can be remitted. They also require that the foreign film be dubbed, that is to say that it must be changed into the local language, and they require that that work be done in that country, and also sometimes impose very heavy taxes on that operation.

MR. WORLEY. Is that for the purpose of raising revenue, generally, or simply to keep them out, or both?

MR. BROWN. As in all these other things, there are mixed motives. Sometimes it is quite clearly identified as a tax which is going to be used for the support of the domestic industry. Sometimes it is partly a revenue measure or at other times solely a revenue measure. It depends on the country.

Now the question is, What can our Government do about this kind of thing and what have we been able to accomplish? Well, in the first place there are a great many of these countries which we have trade agreements with, and in most of those trade agreements we have obtained concessions on motion-picture films. So that the films are included in the agreement, and that means that the general provisions of the agreement apply. In almost all of the agreements—I think in every one in which films are included—there is a provision committing the other country not to impose a quota against any item which appears in the schedule. So that whenever an import quota or a restriction on the import of our films is proposed or put into effect, we have a legal basis for telling the other government that they are not living up to their commitment, and in a good many cases, by calling the attention

of the government to that commitment and making representations, we have been able to secure a satisfactory adjustment, but not in every case.

Another provision of those agreements requires countries not to impose internal taxes on imported articles higher than the same type of tax on the domestic article. Again we have a legal basis for protest when that is violated, which has often been successful, although not always.

And there are other provisions of that kind. So that the first, shall we say, weapon in our arsenal, or means of redress open to us, is the trade agreement which we have, and that has been extremely useful in our efforts to assist the industry.

Then of course we are embarked at this time on a general program for the liberalization of trade, the reduction of trade barriers, with which I am sure you are all familiar, which takes the form of our suggested charter for a world trade organization, and carries out the recommendations, or tries to carry out the recommendations, made in your sixth report and repeated in your eighth report, for a world conference, an international conference, directed toward reduction of trade barriers, both tariffs and discrimination, and also matters such as quantitative restrictions, quotas, exchange control, and so on and so forth. And we have proposed a set of rules in that charter which are designed eventually to eliminate the use of quantitative restrictions and exchange controls and strictly to limit their use during this early period where, as your committee has often recognized, countries really have exchange shortages and cannot go as far as we would hope that they could go.

That charter has just been the subject of discussion in London between 18 nations, which include most of the countries with which we are mainly concerned here, and which cover about 65 percent of the world's trade, and a very substantial measure of agreement on commitments not to use this type of device except in specified and limited situations has been reached, and we are encouraged at the progress that we have made there.

Again that is something attacking the problem on the broad over-all trade front, and the motion-picture exports will benefit from it just as the rest of our foreign trade.

Then finally there are cases where the industry finds itself confronted with some problem in another country which is not covered by a trade agreement, or which would not come under the charter, but where we feel that the industry's position is reasonable, and so we assist the industry representatives through our embassy or legation abroad, and have often, I believe, been able to help work out a very satisfactory solution.

Dr. ELLIOTT. Mr. Brown, may I ask you a question along that line. The eighth report of this committee recommended that the bargaining powers of the United States Government be employed to protect not only films and their distribution abroad, but American periodicals and the press, free access to information, and all other means of communication. It, I think, put a proper emphasis on films, among these. To what degree have you been successful in your bargaining in protecting the rights of American film producers to non-discriminatory treatment along the lines that you have indicated?



Mr. BROWN. Well, Dr. Elliott, bargaining begins, as far as the tariff negotiations are concerned, in April, so that we have not—

Dr. ELLIOTT. I wasn't thinking about the new trade agreements or the international trade organization or the charter. As a matter of fact I think it would be fair to say, would it not, that that charter at present has not dealt with many of the problems of State purchasing, trade monopolies, and State trading monopolies—that they have been left out?

Mr. BROWN. That is true, but that problem is, of course, only present in part of the area in which the film industry is particularly interested.

Dr. ELLIOTT. A part which we have devoted some attention to and which, therefore, may require much stronger bargaining leverages. A country that is making loans and giving large gifts, in addition to the sale of surplus property at very advantageous terms to many of these countries, making lend-lease settlements and these other things, presumably has a number of bargaining counters. Has there been successful use of these bargaining counters in the past protests that we have made?

Mr. BROWN. Dr. Elliott, it has not been our policy specifically to tie a loan which seemed to us a desirable one into any particular commercial concession by the other country. However, certainly the attitude of the other country toward American business and toward other elements that you mention has been something that we have considered in connection with the loan. You will recall that it was at the time of the British loan that we secured our commercial agreement with the United Kingdom to support our proposals for the expansion of international trade—

Dr. ELLIOTT. I quite understand, Mr. Brown, without interrupting you too much, that our general policy has been to secure as broad-scale multilateral advantages as possible and I think that is thoroughly in line with the committee's previous reports, and so forth. But in the specific instances of discriminations which were in violation of previous agreements, or discrimination after we had reached an agreement as was the case in the instance of the French, have we then not followed up with something more than a protest?

Mr. BROWN. One of the documents that was issued at the time of the announcement of the French loan was the agreement on films which we felt was a very satisfactory one.

Dr. ELLIOTT. Has that been lived up to since that time?

Mr. BROWN. In most respects; yes, sir. The agreement said that there would be only a limited reservation of time for the domestic industry, which would be reduced over a period of years, and that there would be no limitation on the import of American films, and those agreements have, as far as I know, been lived up to.

May I add that, carrying forward your point, that in connection with the lend-lease settlements and Export-Import Bank loans to several other countries, we have also secured commitments from such countries along the lines of these proposals, so that has been in our minds.

Dr. ELLIOTT. I am simply interested in whether or not we have any weapon, except protests, when these agreements are not lived up to. It is like Hamlet in the play, "Methinks the lady doth protest too much"—if we have nothing except protests to make. Is there,



in the policy of the Department, a systematic effort to protect our interests in this matter by the use of bargaining advantages and perhaps the withdrawal of bargaining privileges, or other counters?

Mr. BROWN. I am not competent to answer that question, Dr. Elliott. My field in the Department is too limited. I think it is certainly one of the elements that is considered, but again the Department is only one member of the Export-Import Bank Board and therefore is not solely responsible.

Dr. ELLIOTT. Would you feel competent to pass on the question that the Information Division of the State Department felt some delicacy in answering a while ago, and passed on to you, which Congressman Walter put up, which was, Would you feel that there was anything inimical to the present policy of the Department of State in insisting upon reciprocity of distribution of films, for instance, with those countries which have put on restrictive or exclusive provisions with respect to the distribution of our film, often involving on their part a political censorship?

Mr. BROWN. That would mean, of course, a drastic control here in this country and a serious limitation on the rights of American industry. It would mean that the Government would have to step in and say to American producers and distributors who wished, nevertheless, to get a foreign film which they thought would be a profitable and desirable film to have, "No, you may not have it" because of the policy of this other country; and I think that is something that we would want to consider very seriously in its implications across the boards, as to whether, because some other country takes a restrictive policy, we wish to impose Government controls and regulations and interference with private industry in this country, which, of course, are quite alien to our whole philosophy.

Dr. ELLIOTT. Well, in many cases it is hardly an interference with private industry but interference with the showing of foreign-government films, obviously propagandistic in intent, as in the cases we have been talking about. But let me ask you this question: Does this seem to you to be in any way lacking in harmony with the reciprocal trading privileges under our Trade Agreements Act, to exclude or limit the import of films from some of those countries that do not give us reciprocal trading privileges? Wouldn't this be an extension of the same thing?

Mr. BROWN. Under the Trade Agreements Act we exclude some countries that discriminate against us from particular privileges that we have given ourselves, but it is within a very limited range. In other words, we couldn't put a quota on it.

Dr. ELLIOTT. Mr. Brown, I quite appreciate the delicacy and the importance of this question, and it is obviously nothing for a snap judgment.

Mr. BROWN. That is correct, and it is one that I have been asked without previous notice.

Dr. ELLIOTT. Yes; it has come up in the course of this discussion. Perhaps you would like to write a memorandum on it for the committee, if the chairman agrees.

Mr. WORLEY. Yes; the committee would welcome such a statement.

Dr. ELLIOTT. Giving us what is the present attitude of the Department of State on this policy problem, because it obviously affects the

economic foreign policy, with which the committee is concerned, in a very serious way.

Mr. BROWN. It is an extremely fundamental question.

(The memorandum referred to follows:)

A suggestion has been made that restrictions be placed upon the importation of foreign films into the United States, as a bargaining method in securing entry for American films in foreign countries. In dealing with this question, it would be necessary to consider the following factors, among others:

1. This proposal would seem to be inconsistent with United States principles of freedom of access to information, and freedom of dissemination of opinions and beliefs. In this connection the United States has sought the acceptance of such principles on an international scale, through the United Nations machinery.

2. The international trade program of the United States calls for the reduction of all types of barriers to trade, and the erection of new barriers by the United States would be inconsistent with United States advocacy of a program for the expansion of trade on a multilateral and nondiscriminatory basis as set forth in the Suggested Charter for an International Trade Organization of the United Nations.

3. If the proposal were applied only to certain countries, whether because of the ideological content of their films, or because of unusually restrictive attitudes on their part with respect to United States films, such action would constitute a discrimination against the trade of those countries. Furthermore, the application of this proposal to countries with which the United States has trade agreements and commercial treaties providing for most-favored-nation treatment with regard to imports would undoubtedly constitute a violation of such agreements and treaties.

4. At the present time the number of foreign films shown in the United States is very small indeed in comparison with the number of United States films shown in foreign countries and it is expected that such a situation will hold for the foreseeable future. United States action to restrict the importation of foreign films would doubtless lead to an increase in the application of similar measures by foreign countries which would be a serious blow to the United States film industry and to other economic interests of the United States.

Mr. WORLEY. We would also like to have that memorandum from you on restrictions by foreign countries.

Mr. BROWN. Yes, sir; I have it here.

Mr. WORLEY. That may be inserted in the record at the conclusion of your testimony.

Is Mr. Canty here?

Mr. BROWN. He is here in case you desire to ask questions on specific restrictions in specific countries.

Mr. WORLEY. Do you have additional testimony to offer, except for this statement?

Mr. BROWN. No, sir.

Mr. WORLEY. Thank you very much, Mr. Brown.

(The document submitted by Mr. Brown is as follows:

#### LIST OF RESTRICTIONS OPERATING AGAINST THE UNITED STATES MOTION-PICTURE INDUSTRY ABROAD

##### EUROPE

##### *Great Britain*

An exhibitors' quota and a distributors' quota. The first mentioned requires all motion-picture theater owners to reserve a specified portion of their screen time exclusively for the showing of British-made motion pictures. The distributors' quota requires all distributors of foreign films to include a specific percentage of British-made motion pictures in their total film footage distributed in Great Britain.

##### *France*

A temporary screen quota and also a requirement that all foreign films designed for exhibition in France must be dubbed (substitution of French for American

dialog) in France, these films not to be more than 2 years old. The screen quota provides for the compulsory showing of French motion pictures in all French theaters for 4 weeks out of every 13 weeks. This screen time shall be reduced to 3 weeks per quarter if, over a 2-year period ending June 30, 1948, or June 30 of any subsequent year, the French film playing time averages 5 weeks or more per quarter. The quota shall be eliminated entirely if, over a second 2-year period ending September 30, 1950, or September 30 of any subsequent year, the French film playing time continues to average 5 weeks or more per quarter. Otherwise, the quota for exhibiting French motion pictures shall continue indefinitely at 3 weeks per quarter.

#### *Italy*

During the year 1946 foreign films may be imported freely but the revenue from their sale is nontransferable. The revenue, however, may be spent in Italy on items connected with the film industry.

#### *The Netherlands*

Although no official confirmation has been received, it is understood that the Netherlands Government recently decreed that foreign films shall be subject to an import quota and that American films shall be restricted to a specified percentage of the playing time of the local motion-picture theaters. Furthermore, it appears that the Dutch are aiming at a newsreel monopoly whereby, for example, American newsreel companies would be denied the right to distribute their newsreels but may have their newsreel sequences included in a Dutch newsreel on an exchange basis.

#### *Portugal*

Official information has been received to the effect that Portugal contemplates on January 1, 1947, a decree law imposing a heavy tax on the distribution of foreign films (the United States trade states that its films represent 90 percent of all foreign films on the Portuguese market), the proceeds to be used for the support of a domestic motion-picture industry.

#### *Spain*

Exorbitant import duty on motion-picture films. All foreign films subject to import rights purchasable on the open market from domestic motion-picture producers to whom they are issued by the Government in proportion to production costs as a type of subvention. Special import taxes. Requirement that all foreign films must be dubbed in Spain. A dubbing tax. These imposts have been estimated by the American industry to amount to the equivalent of \$30,000 to \$35,000 per motion-picture feature film imported. In addition, a State newsreel monopoly operates which prevents American news-reel companies from displaying their news reels in Spain but provides for the purchase of American news-reel sequences for inclusion in the domestic news reel.

#### *Germany and Austria*

The American industry is operating at present in these two countries under the control of the military authorities and perhaps as part of the United States Army's morale program.

#### *Union of Soviet Socialist Republics, Czechoslovakia, Poland, Yugoslavia, Bulgaria, Albania*

State controls or State monopolies operate in these countries. Very few American motion pictures have been sold in Soviet Russia during the past decade. The Motion Picture Export Association, a Webb-Pomerene corporation, has come to an agreement with the Czechoslovak Motion Picture Monopoly whereby it provides 80 American programs during 1946-47 under a 3-year license, the films to be distributed by the monopoly and dollar exchange to be furnished to the Motion Picture Export Association equal to the net revenue in local currency. It is understood that the American motion-picture industry does not operate at present in Poland, Yugoslavia, Bulgaria, or Albania, but unofficial reports indicate that the Motion Picture Export Association recently has concluded an agreement with the Polish State Film Monopoly (Film POLSKI) to become effective soon similar to the arrangement it made in Czechoslovakia, and also that representatives of the American film industry, including the Motion Picture Export Association, are negotiating with the Yugoslav State Film Monopoly for the same purpose.



## LATIN AMERICA

*Argentina*

Tax rebates for theaters showing national motion pictures during a given period. The rebates vary according to the share in the programs of the theaters of domestic motion pictures. A screen quota requires that domestic theaters devote a specified percentage of their screen playing time to the showing of nationally produced motion pictures. This percentage also is varied according to the classes of theaters. All motion-picture theaters are required to exhibit at least one locally produced news reel or documentary film at each performance. Fifty percent of the remittances abroad of motion-picture distributors is subject to a 20-percent tax.

*Chile*

Distributors of foreign films are obliged to contribute 15 percent of the amount available for remittance abroad to a fund for financing domestic motion-picture production.

*Mexico*

A motion-picture screen quota is reported to be under consideration requiring that motion-picture theaters in the Federal District shall reserve a specified percentage of their screen playing time for the showing of domestic motion pictures.

## FAR EAST

*Australia*

An exhibitor's quota and a distributor's quota. All motion-picture theaters must reserve a specified percentage of their screen playing-time for British motion pictures and motion-picture distributors must include a certain percentage of British pictures in their total releases.

*New Zealand*

An exhibitor's quota and a distributor's quota. All motion-picture theaters must reserve a specified percentage of their screen playing-time for British motion pictures and motion-picture distributors must include a certain percentage of British pictures in their total releases.

*Japan and Korea*

The American industry is operating at present in these two countries under the control of the military authorities and perhaps as part of the United States Army's morale program.

Mr. WORLEY. Ordinarily we try to start and stop on time; so without objection we will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12:15 p. m., the committee recessed until 2 p. m. of the same day.)

## AFTERNOON SESSION

Mr. WORLEY. The committee will be in order.

The committee has received a telegram from Darryl F. Zanuck, vice president in charge of production, Twentieth Century Fox, which will be inserted in the record at this point.

(The telegram referred to follows:)

WEST LOS ANGELES, CALIF., December 19, 1946.

Congressman EUGENE WORLEY,

*House of Representatives, Washington, D. C.*

MY DEAR CONGRESSMAN: I have heard today that you are having a special hearing tomorrow in Congress on the aspect of American films abroad. Undoubtedly the viewpoint of American production will be ably represented at your hearing and this telegram is meant to convey only my own personal views. I have had the opportunity of traveling abroad before the war, during the war, and since the war and it is my professional interest to know and understand the foreign situation. During the past year Hollywood has produced more genuine worthwhile films than at any time in its history and the greater majority of these films have truly reflected the many complexities of American life as does modern American literature. If certain films have overemphasized our riches or depicted us as cattle rustlers it must be remembered that America is after all by comparison with the rest of the world a land of luxury, and that our Western



heroes have forever been popular in the literature of our Nation. To judge American films one must be personally acquainted with the thematic content of all American films. It would certainly be unfair as an example for a foreigner to judge American youth on the case of the four boys who started the fire that recently caused the collapse of a New York tenement.

American films are generally a reflection of the American scene and it must also be remembered that at this very moment nationalistic movements are under way in every foreign country to encourage local film production, and to do so it is obviously necessary to discredit Hollywood production. This is not at all unnatural, as we know perfectly well that international trade follows the movies today as it once followed the flag and I can clearly understand the envy and resentment which certain foreign interests may reasonably feel when they continually see the products of American invention on the screens of their homelands. However, it would be disastrous if we were so gullible as to swallow this bait. It is pleasant for us to understand the commercial motives behind this foreign criticism of American films but it must be remembered that these same foreign interests were the first ones to plead for our help before Pearl Harbor and that it was American films that first warned the world of the sadistic intentions of Hitler and Mussolini and it must also be remembered that American films were barred from Germany and Italy long before any other American product was subjected to Fascist prohibition. Russia is not alone by any means in its efforts to discredit Hollywood products. It is understandable that Russia does not want Europe to see the home life of average Americans, as the comparison with communistic home life would be fatal for them.

Hollywood welcomes sincere international competition but it cannot be achieved by unfair quota restrictions or censorship or unwarranted persecution of American product. Before coming to any conclusion I respectfully recommend that your committee view the following films all of which are being released during the Christmas season. The Yearling, The Best Years of Our Lives, Uncle Remus, Its a Wonderful Life, 13 Rue Madeleine, Duel in the Sun, The Razor's Edge, to mention only a few of the many splendid contributions of the last year. America has every right to be justifiably proud of Hollywood films and the story of democracy they have brought to the four corners of the earth. We have never produced an undemocratic film and I am positive that we never will. Now is the proper time for Congress to openly support us as other foreign governments are openly supporting their own products and discrediting ours.

Sincerely,

DARRYL F. ZANUCK,  
*Vice President in Charge of Production,  
Twentieth Century Fox Studio.*

Mr. WORLEY. This afternoon witnesses for the Motion Picture Association are scheduled to appear. It is my understanding that Mr. Joyce O'Hara, deputy for Mr. Eric Johnston, will present the witnesses. Mr. O'Hara.

#### STATEMENT OF JOYCE O'HARA

Mr. O'HARA. My name is Joyce O'Hara, and I am assistant to Eric Johnston, who is president of the Motion Picture Association.

Mr. Chairman, at the outset I would like to say just a very brief word of appreciation as far as our industry is concerned for the work this committee is doing. It is refreshing and wholesome to find a congressional committee so desirous of doing something constructive to promote the foreign commerce of the United States.

Mr. WORLEY. Do you mean that is unusual?

Mr. O'HARA. It has not always been so in the past. We are glad to cooperate with this committee in its efforts to encourage foreign trade and thereby create jobs at home.

Mr. Johnson also would like it to be known to the committee that he appreciates the courtesy of allowing him to submit a statement for the record. He regrets he couldn't be present. He is at his home in Spokane.

This afternoon our association would like to present three witnesses. Mr. Francis Harmon, vice president, will tell you about our export corporation and our export business. Governor Milliken, of our foreign department will tell you about the practical difficulties we run into in restrictions throughout the world. Gerald Mayer, also of our foreign department, will tell you what we as an industry ourselves are trying to do to promote our own trade.

That will conclude my brief statement, Mr. Chairman.

Mr. WORLEY. May I ask, Mr. O'Hara, do you represent the Motion Picture Producers and Distributors Association?

Mr. O'HARA. Yes. We represent a number of the leading producers, distributors, and some of the exhibitors. There is an independent producers organization of which Mr. Donald Nelson is head, and several exhibitors associations. We only speak for our own members.

Mr. WORLEY. Could you give us the names of the companies you represent?

Mr. O'HARA. I will ask Mr. Harmon to do that when he comes on the stand, if that is satisfactory.

Mr. WORLEY. Very well.

#### STATEMENT OF FRANCIS HARMON

Mr. HARMON. I am Francis S. Harmon, vice president of the Motion Picture Association, under Mr. Johnston, in charge of the New York office. I am also vice president of the Motion Picture Export Association.

Mr. WORLEY. Thank you. Be seated, please.

Mr. HARMON. Mr. Chairman, I hope you won't hold it against me if I add that I happen also to come from the same district in Mississippi as the distinguished general chairman of your committee, Congressman Colmer. I was editor and publisher of a newspaper there for some years. I mention this because I am interested in freedom of expression, whether it be through the press, through motion pictures, or through radio.

Also before I joined the industry, I was for 2 years the national president of the Young Men's Christian Association, and after that for 5 years I was in charge of its international program, and traveled a good deal around the world; so when I say that I am impressed with the world impact of American motion pictures, I am simply registering a conviction that I had prior to my relation with the motion-picture industry.

After being here this morning and listening to the testimony, I think perhaps I may be of some slight use to the committee if I review very briefly in a few quick, bold strokes the general set-up of the industry in this country, because as one of the leading American exporters, what we do in the world market, of course, must rest upon the relatively secure foundation of our domestic market here.

Briefly, then, this is an industry that has about 175,000 to 200,000 people in its employ in this country. Thirty thousand of those are in Hollywood, 12,000 of them are in the 31 wholesaling centers, which we call film-exchange cities, in which we maintain some 310 different exchanges.

Mr. WORLEY. How many was that?

Mr. HARMON. Three hundred and ten. Then, there are 16,000 theaters. According to our best estimate, there are 140,000 people that work for those theaters.

Every day we spend more than a million dollars in the manufacture of American motion pictures. During the past 11 years American producers made an average of 528 feature-length films per year. The range was from a high of 621, I believe, in 1938 down to 389 last year. However, the average number was 528.

During that same 11-year period we made an average each year of 500 to 600 short subjects (1- and 2-reel films); and also each year we released 520 reels of news from the five companies that are engaged exclusively in the production of news reels.

There are some 60 to 75 producers each year who make pictures in Hollywood. In 1945, for example, there were 68 different producers who submitted scripts and completed pictures to our Production Code Administration, the board of the Motion Picture Association that administers the voluntarily adopted production code of morals and good taste.

Next, I believe you will be interested in the sources from which the motion pictures come. Over this same 11-year period two-thirds of our pictures were based upon original scripts, original screen stories; another 7 percent was based on stage plays; 17 percent was based on novels; 1 percent was based on great biographies that have been in print; about 7 percent was based on published short stories published in weekly and monthly magazines; another 2 or 3 percent was taken from miscellaneous sources. I mention these various sources of screen material in order to high light the fact that in a highly competitive industry with 65 to 75 producers making pictures each year, there is very strong competition for any good idea, story, novel, or play that would make an entertaining motion picture.

It is hardly necessary to state that the commodity we have for sale is entertainment—but a type which contains ideas and information transmitted through the medium of this great modern popular art form. Hence those of us who are here this afternoon speak not only for an industry that makes a product for sale but also for one of the great media of information and communication, and also for the most popular art form that the modern world has seen.

In the domestic market, these pictures that go out into the channels of distribution, the circulatory system of the industry in this country, if you please, aggregate about 25,000 miles of film a day carried by 600 trucks, many of them engaged exclusively in the business of seeing that films are delivered to the theaters which depend upon them for their program day after day.

I think you will be interested in the way in which the motion-picture industry meshes in with so many other industries in this country from which we secure raw materials. For example, I hardly need to remind you that we are one of the biggest users of lumber among American industries, one of the biggest users of chemicals, that we use millions of ounces of silver, that we use thousands of bales of cotton, and millions of pounds of cotton lint in connection with the manufacture of film itself. We use plastics, whole carloads of nails, varieties of cotton goods including little items such as 12,000 dozen cotton gloves per year.



When Mr. Donald M. Nelson was head of the War Production Board, I had to supervise preparation of a study of the raw material needs of the motion-picture industry. I have here pages listing materials that during the war the Government authorized the industry to buy on priority because the war agencies during the war years felt that the motion picture was indispensable to the total job that we had to do. They were of that opinion because modern war, which is total war, is fought with film as well as bullets. You can mix the same chemicals one way and make smokeless powder and mix the same chemicals another way and get nitrocellulose film, of which we use more than 2,000,000,000 feet a year for positive prints.

It is against this general industry background that I would like to say a few words now about the motion-picture industry in the world market. We have an audience in this country variously estimated from 60,000,000 to 100,000,000 people a week, but nevertheless one-third approximately of the production cost of our pictures comes from abroad.

There are three points we want to consider regarding the American film industry in the world market.

First of all, consider the value of the exhibition of American motion pictures to the other American businesses. I couldn't put it any more graphically if I sat here all the afternoon than Mr. Golden did this morning with the story about Adolph Menjou and the barber shop. Let me reiterate that every scene in every picture is a visual demonstration to potential consumers all over the world of American consumer goods in use, whether it be a barber chair or an automobile or a refrigerator or safety razor, or what have you.

In the second place, our films are purveyors of the American way of life—and I don't want to use that purely as a glittering generality. One point that hasn't been mentioned so far I would like to stress, and that is the English language as part of the American way. I have a boy 14 years old. In September we had quite a debate at our house as to what foreign language he should take in senior high school.

I think you, Mr. Chairman, might be interested to learn that he chose Spanish, but there was some lively debate as to whether his choice should be French or German. If that same 14-year-old boy lived in Latin America or Europe, there would have been no occasion for debate. English would have been his choice for a secondary language. When Cecil B. de Mille came back from an extensive tour of Latin America, after speaking in Rio and other cities, he said that he found almost without exception that the youngsters of Latin America were choosing English as their secondary language because they heard it on the screen.

Dr. ELLIOTT. Does he mean by that that he has heard English or "American" spoken on the screen?

Mr. HARMON. Well, I noticed that weeks ago in Denmark they published a special dictionary of "American" for film fans who heard a lot of "American" on the screen that they hadn't learned about in more conservative dictionaries they had in use. This new dictionary was definitely "American."

Dr. ELLIOTT. I wonder if that would also apply to the language of Texas.



Mr. HARMON. I think "the law west of the Pecos" has been pretty well exhibited all over the world, so they get that, too. Also, I am sure the Yellow Rose of Texas is one of the most popular tunes in motion-picture theaters around the world.

Seriously speaking, American films do help promote the knowledge of English as a world tongue. Please keep in mind that the screen only found its voice 20 years ago, a bare 4 years before Japan invaded Manchuria, so that if you give English 50 or 75 or 100 years on the screens of the world, I venture to say, that perhaps the greatest contribution American films make would be toward the development of a universal tongue in which the masses of people may understand each other.

Mr. WORLEY. As a Texan, the Chair deeply appreciates those observations.

With further reference to the dissemination of the American way, take the matter of American history. When the World's Fair was about to open in New York, its representatives asked Will H. Hays, who at that time was head of the Motion Picture Producers and Distributors, to arrange an exhibit at the fair. The answer was that our product was on exhibition every day all over the world. We finally agreed with the officials of the fair, that we would see if we could assemble a cavalcade of American history, without shooting a foot of film by simply taking excerpts from previously released pictures and putting these clips together in chronological order with a commentary by a historian on a new sound track.

Mr. de Mille undertook that project, and I had the privilege of working with him and Dr. James T. Shotwell, the historical consultant. We made a cavalcade of American history running 2 hours and 17 minutes titled "Land of Liberty." Not a single foot of that film was shot for the purpose, yet it fairly well covers the whole story of America.

We had in it excerpts from 124 previously released pictures, and there is not a month that passes now that additional pictures dealing with the American scene and American history aren't coming from the studios of Hollywood. For example, we found nobody had dealt with the Lewis and Clark Expedition, one of the greatest sagas in the development of this country. Two weeks ago there came to me a report from our title registration bureau. One of the major studios had bought a book telling the story of the Bird Woman and how she helped Lewis and Clark and registered its title. That gap will be filled within the next year or so.

Every day in nearly all the countries of the world there are American-made motion pictures that show American life. I want to say very frankly to you that not all of that is a favorable exposition.

Mr. WORLEY. We are interested in that point. Would you elaborate on that?

Mr. HARMON. I will be glad to. I think it boils down to a whole philosophy of life, and I am talking now personally as a citizen and not as the spokesman for anybody but Francis Harmon. My personal philosophy is that there is no one book, no one play, no one radio program, no one motion picture, that can do justice to a country as varied, as large, as diverse as the United States.

Mr. WORLEY. Is there one that could do injustice to a country such as this?

Mr. HARMON. My feeling is, sir, that over a period of 10 years a person who sees 25 movies a year would get a fairly accurate cross section of American life. It is not all good, it is not all bad. Also I think a person in some other country who over a period of 10 years did see that kind of cross section of life in America would reach the very positive conclusion, that the Americans certainly aren't afraid to show both the good and the bad without pulling any punches.

In other words, I would worry very much if only the more perfect side of American life were shown overseas because I think it would subject us to the charge that we were either afraid to show the seamy side or that we were deliberately, through government controls or otherwise, pulling our punches and not showing every facet of our life.

That doesn't mean, sir, that we as a great industry and medium of communication and art form don't face very heavy continuing responsibilities.

I suppose in that connection I ought to add that my first work with the industry was as a member of the Production Code Administration, the board that administers our voluntarily adopted code of morals and good taste.

During the 11-year period for which I have the statistics here, the Production Code Administration wrote 52,105 opinions relative to the suitability under the code, from a moral and good taste standpoint, of this great body of screen material that came from so many, many different sources. Last year, for example, there were 154 scripts that had one or more themes that dealt with Latin America. We have got two problems: One, to see that the other fellow is presented accurately because he is very quick to catch any mistakes, whether characterization or costumes or songs, or what have you; and the second to present our own country fairly.

Mr. WORLEY. On that point, Mr. Harmon, doesn't the United States motion-picture industry gage or base its pictures, from a box-office angle, purely upon a domestic market or rather primarily upon a domestic market, rather than a foreign market?

Mr. HARMON. No, sir; it is gaged upon a world market. First of all, thanks to the wisdom of the Congress, every effort to put restrictions upon art have been voided. Therefore, artists from all over the world have been able to come here and appear on the screens in Hollywood-made pictures. Some of these artists, for instance, Miss Ingrid Bergman, today, or Greta Garbo, 8 or 10 years ago, have enormous followings overseas, perhaps larger clienteles even than they had in this country.

Mr. WORLEY. I have been informed—I don't know how reliably—that nearly all the production was based on domestic appeal. Now, you get about 60 percent of your gross income from American patronage—

Mr. HARMON. 60 to 70 percent of our production costs.

Mr. WORLEY. And from 30 to 40 percent overseas. Therefore, it would seem reasonable and logical that you would choose the script on the basis largely of what appealed to customers in the United States. Am I correct in that assumption?

Mr. HARMON. Yes and no. Take Tolstoi's Anna Karenina, in which picture Greta Garbo appeared. That picture was much more popular in Europe than in this country. True enough, it wouldn't have been made unless there were millions of Americans interested

in seeing it; (a) they were interested in seeing Tolstoi's novel brought to the screen because they had read it; (b) other millions were interested in seeing Garbo in anything in which she appeared. But these same considerations were applicable in the countries of Europe. Now the company that made the film—because it is one of the leading exporters of American pictures—would certainly keep in mind that there would be a very large market for that picture in many foreign countries.

During the war in an effort to strengthen the good neighbor policy, we also deliberately chose a number of locales and stories about Latin America and Latins. As I mentioned a moment ago, last year alone there were 154 scripts read by our board in Hollywood wherein either the characters or the costumes or some scene or the plot itself pertained to Latin America. There were some 250 pictures last year in which there were what we call a Latin-American angle, in which we had to either watch the pronunciation in some sequence or some bit of costuming, and so on. I don't think it would be completely accurate to say we are guided by the domestic market. The situation varies from company to company, depending upon the importance of the foreign market, the nature of its source material, the type of stars appearing in its releases, and the general set-up of that particular organization.

Mr. WORLEY: We are glad to have that information. Thank you. You were saying, I believe, that you were very careful not to include anything in pictures which might offend foreign countries.

Mr. HARMON: Yes, sir. For example, about the time Dwight Morrow went to Mexico as ambassador, there were a lot of our cowboy pictures showing Mexicans as "heavies". Today if a Mexican were shown as a "heavy" in a western—

Mr. WORLEY: You mean the villain?

Mr. HARMON: Yes; a villain. In that case there would also be some Americans who would be in that same picture as villains and, whereas in the old days it would have been the Texas Rangers who might have gotten all the honors for cleaning out the desperadoes, now the honors would be divided with the Mexican rurales working together with the Texas rangers to round up both the American and Mexican villains.

Now, it didn't cost us anything to change this situation and much good resulted. The change came frankly as a result of the activities of Will Rogers, who was then one of the most popular people in Hollywood, our Ambassador Dwight Morrow, and Lindbergh—a popular hero at the moment. A resolution passed by our association then is now one of the important sections of our code. That section first read:

The history, institutions, prominent people, and citizenry of *other* nations shall be represented fairly.

As our social responsibility grew, and also our awareness of the necessity for presenting our own country fairly, we changed that code section to read:

The history, institutions, prominent people, and citizenry of *all* nations shall be represented fairly.

That word "all" instead of "other" was substituted in order that we might have larger self-regulatory responsibility in seeing to it that America was represented fairly on the screens of the world.



I believe that I have now come to the point at which you and your associates have the greatest interest; namely, the problems incident to export of American films as seen against the background of this general story that I have given you. May I then divide the world market into four categories? Into the first I would like to put the British Isles or the British Empire, because my associates, Governor Milliken and Mr. Mayer, will talk more about them.

The second category would be the other free markets of the world, such as France, Belgium, Scandinavia, and Latin America. My associates will discuss categories I and II.

The third category would be the countries bordering on Russia that are now within the orbit of the Motion Picture Export Association.

The fourth category would be the occupied countries of Germany, Korea, and Japan.

Now, if it is agreeable to you gentlemen, I would like to deal with the last two categories very forthrightly and in whatever detail you want. The Motion Picture Export Association was organized a few months ago to accomplish several purposes. It was organized under the Webb-Pomerene Act in order to enable us to deal with three types of situation overseas.

The first was state monopolies such as we are confronted with in the small countries of eastern Europe and in Russia. The second is a little different type of monopoly such as we face in Holland—an exhibitors' monopoly in the form of a guild that has the blessing of the Dutch Government. The third is the necessity of working through and with the military governments in occupied Germany, Korea, and Japan.

We organized the Export Association under the legal privileges which the Congress granted in the Webb-Pomerene Act. We organized at this time for another reason. I told you that we made 528 pictures a year for the past 11 years. When the war ended and Europe was open again, we had a huge accumulation of product. The members of our Export Association had between 2,000 and 2,500 feature-length pictures themselves and it was imperative not to "dump" this product indiscriminately.

May I stop to tell you who the members of the export association are? I would like to put into the record, if I may, Mr. Johnston's annual report, which on the second page will give you the complete roster of the members of the Motion Picture Association of America, Inc.

Mr. WORLEY. That is the Motion Picture Association?

Mr. HARMON. Yes.

Mr. WORLEY. Thank you. (See exhibit 1, p. 2594.)

Mr. HARMON. Now, the members of the Motion Picture Export Association are subsidiaries of or national distributors of motion pictures in the United States. They are Columbia Pictures International Corp., Loew's International Corp., Paramount International Films, Inc., RKO-Radio Pictures, Inc., Twentieth Century-Fox International Corp., Universal International Films, Inc., United Artists Corp., and Warner Bros. Pictures International Corp.

Now, United Artists is just what its name implies. It is a distributor group that has in it between 25 and 30 unit producers who make anywhere from 1 to 5 pictures per year. United Artists is not a member of the Motion Picture Association. It is a member of the



Motion Picture Export Association, but it has not been able to date to get all of its unit producers to authorize it to release their product through the Motion Picture Export Association.

For example, United Artists has a stock pile of, say, 150 pictures that have accumulated during the war. We will have, by the end of the year, more than a hundred of those 150 pictures under the control of the Motion Picture Export Association. We have virtually all of the product of the other companies.

Mr. WORLEY. How many film companies are there in Hollywood?

Mr. HARMON. There are 8 in the Export Association, and that 8 includes United Artists with about 20 of its 30 unit producers.

Now, the other three national distributors, namely, Monogram Pictures, Republic Pictures, and Producers Releasing Corp., are not members of the Motion Picture Export Association. They have been invited to join. The door is open, and we want them in. Legally, even if we didn't want them in, they would have a right to knock at the door and be admitted.

Mr. WORLEY. They don't belong, you say?

Mr. HARMON. The invitation has been extended, the latchstring is on the outside. We wish they were in, Mr. Chairman, because we believe that the basic motivation of export, which is to avoid the dumping of this accumulation of product and to select from this accumulation of product the pictures which we deem most suitable from all standpoints for release in each of these 13 export countries, is a wholesome constructive public service.

Mr. WORLEY. Why don't they join?

Mr. HARMON. I can't speak for them. The indications are that they feel that it is to their immediate interest to market their product wherever they can.

I believe, the set-up of Export, will interest you gentlemen. From this stock pile of 2,500 pictures the management of Export selects the pictures which any particular market can absorb. Now, there is no market outside of Great Britain that can absorb all of our pictures. If we release 400 new pictures this year, France might absorb 175 or 180, Holland might absorb 104, but 100 would be a pretty good number for any of the smaller countries of the world. Now, the success of our export organization lies in the fact that the businessmen who founded it agreed to divide whatever profits came from an export territory on the basis of the domestic grosses of the members.

Mr. WORLEY. Whether they showed the pictures abroad or not?

Mr. HARMON. That is right. For example, if company No. 1 does 10 percent of the business in the United States in 1946, company No. 1 will get 10 percent of whatever profit we make from releasing pictures in Rumania, whether any of company No. 1's pictures are shown there or not.

That gives the widest range of selectivity to the management of the Export Association.

I think I can answer two or three questions that came up this morning, if you will let me use Poland as an illustration of what I am talking about.

Dr. ELLIOTT. Will you forgive me for interrupting?

Do these three independents who do not market through the Export Association form a part of the Society of Independent Motion Picture Producers?

Mr. HARMON. No, sir; the Society of Independent Motion Picture Producers, headed by Donald M. Nelson, is made up of producers releasing through United Artists, some of the producers who release through RKO, and some who release through Universal International. To my knowledge none of the producers who release through Monogram, for example, are members of that society.

Dr. ELLIOTT. For purposes of the record, we have invited Mr. Nelson, who obviously couldn't get here in time for this meeting, to submit the same sort of statement that Mr. Johnston had this morning. I suppose that in all justness we ought to invite statements from these three members of the industry, Mr. Chairman.

Mr. WORLEY. Yes; we should.

Dr. ELLIOTT. To make a statement.

Mr. HARMON. The companies releasing through Monogram and P. R. C. also have a society known as the Independent Motion Picture Producers Association, and their president is Mr. I. E. Chadwick. My last information was that Mr. Chadwick was quite ill.

Dr. ELLIOTT. Do they have a Washington office?

Mr. HARMON. No, sir. Their group makes many of the so-called western pictures, and other action pictures. They do not have the investment in studio space or the more elaborate organizational set-up that the larger producers have.

Dr. ELLIOTT. Thank you, Mr. Harmon. I am sorry to have interrupted you.

Mr. WORLEY. You were talking about Poland.

Mr. HARMON. Yes. The general manager of the Export Association is in Europe. Monday a cable came from him in which he submitted a deal which was unanimously approved, calling for immediate release of 65 of our feature pictures in Poland.

In Poland there is a state monopoly known as Film Polski. According to this deal the Export Association will nominate 100 pictures from its stock pile of 2,500. From this list of 100 nominations the Polish film monopoly will select 65 pictures. The agreement stipulates that in any city with 4 theaters or more, all 65 of those pictures will be played during 1947; in cities with 3 theaters, at least three-fourths of those 65 pictures will be released; in cities of 2 theaters, at least 50 percent of the pictures; and in little towns with 1 theater, at least one-fourth of the 65 pictures will be shown.

Now, we could be criticized by those who do not know the full story for delaying these many months in getting our product into Poland. We could, perhaps, have gotten pictures in earlier, but it would have done very little good, gentlemen, to have gotten them in, unless the contract stipulated that they were to be played. Frankly, we are interested in actually getting quality American pictures on the screens of Poland.

The city of Warsaw had 70 theaters before the war; now, there are 4. In Warsaw the stipulation is that 35 percent of the total screen time will be for these American pictures. Mr. Maas, the general manager, cabled he was in Warsaw last week and found three Russian pictures and one French picture playing in those four theaters.

We are selling 65 pictures to the Polish monopoly out of a total of 175 pictures, which it proposes to release in 1947: 30 Russian, 30 French, 30 British, 20 from miscellaneous sources, and 65 from the Motion Picture Export Association of the United States.

The Polish Government is advancing dollar exchange to pay our out-of-pocket expenses: preparing the films with Polish subtitles, making the positive prints, and shipping. We agreed for the Polish zlotys to be blocked for the first 6 months of 1947.

Mr. WORLEY. Polish what?

Mr. HARMON. The Polish currency. We agreed that amounts due us might be blocked. We are doing that as a further indication of our desire to render a public service and also to get American pictures back on the screens of Poland as quickly as possible. We have a right to cancel this contract June 30, unless we have been able to work out some kind of an exchange arrangement that is satisfactory. We want to keep our pictures on the screens of Poland.

I was personally in Czechoslovakia in August. Conversations with our Ambassador, Mr. Lawrence Steinhardt, underscored the importance of getting American films to Czechoslovakia as soon as possible. At his instance, I traveled 150 miles to meet the Communist Minister of Information and the members of his staff and invite two representatives of the Czechoslovakian film monopoly to come to New York for negotiations. The Czech deal followed the same general lines as that more recently consummated with Poland. We nominated 120 pictures for Czechoslovakia, from which they selected 80. We are getting remittance in dollars starting this month.

I know you will be interested in learning that the first picture we released in Czechoslovakia was Wilson, that to its premiere in Prague came the President of the Republic, and the members of the Cabinet, and that it has attracted very great attention ever since it opened several weeks ago in the city of Prague.

Mr. WORLEY. I saw that picture in Greece, in Athens, right after the liberation, and the reaction there seemed to be excellent.

Mr. HARMON. May I mention for a moment the situation in Holland because, whereas Czechoslovakia and Poland illustrate the problems in eastern Europe with state monopolies Holland illustrates a different kind of problem. There you have a little country of great traders who over hundreds of years have made Holland one of the leading trading nations of the world.

The Dutch are coming back fast in their economy. It so happens that about 98 percent of the exhibitors of Holland are organized into the Bioscoop Bond, a very well integrated, hard-hitting exhibitors' monopoly. We have gotten licenses to take into Holland 104 pictures. We have joined the Bond as the result of some negotiations this summer, which we think over a period of a decade will tend to liberalize and increase the number of theaters in Holland as outlets for our market. The Dutch today have only one-half as many theaters as Belgium with approximately the same population.

Mr. WORLEY. On that point, does the Export Association own any outlets or theaters in foreign countries?

Mr. HARMON. We bought one theater from the Alien Property Custodian in Holland this summer, a German confiscated property. We bought it in partnership with the Rotterdamsche Bank because in Holland the crux of the problem was to see if we could force their tightly organized exhibitors monopoly to liberalize the theater situation and put up enough theaters to meet the needs of the people of Holland, who were standing in line to get in to a totally inadequate number of retail outlets for our product.



We are not in the business of owning theaters, but we have been advised that we can legally own a few show windows in order to demonstrate the Export's product, which is our main function.

Dr. ELLIOTT. May I ask one question?

Mr. HARMON. Yes; of course.

Dr. ELLIOTT. It is true that a great many of your members own theaters, is it not?

Mr. HARMON. Yes; that is certainly true.

Dr. ELLIOTT. So that you are not entirely without avenues of outlet inside these countries.

Mr. HARMON. Yes, sir. Within the past 2 weeks we have had a vivid illustration of the difficulties that we continue to face in Holland.

The Minister of Education, under whose jurisdiction the motion pictures come, has promulgated a decree and turned it over to the Broscoop Bond to administer in accordance with the usual practice in Holland to have guilds carry out these administrative functions.

That decree with 19 paragraphs places very severe restrictions upon American motion pictures, including an exhibitors' quota of 28 weeks out of 52 for our films which we are opposing. The decree imposes restrictions on exchange with 8,000,000 guilders set aside for all film imports for the year ending August 31. They wanted to restrict our share of the total to 50 percent. With the aid of our Ambassador and the State Department we have gotten the American share up to 60 percent. These restrictions, some petty and some very basic, are a further illustration of what the gentlemen on the stand this morning documented for your committee, as to the problems that confront American films.

I suppose one of the most serious problems right now is the desire of the Dutch Government to establish a Dutch newsreel and force all newsreel organizations in other countries to supply the material that would go into that newsreel. We are declining to participate and insisting upon the free release of American newsreels in Holland in the same way that any other medium of public information should be made available to such exhibitors in Holland as want to buy it and play it and such people as want to see it.

We expect to adhere to that position straight through because we think that is basic and we could not deviate from it without doing violence to basic principles such as those Mr. Johnston put into your record this morning.

Mr. WORLEY. How do you determine what type picture shall be exported?

Mr. HARMON. Well, we put into the minutes of the Export Association the following formula on that, about a month ago: First, we ask each copyright owner to take all pictures which are legally under our control and divide them into four categories: The pictures that the company itself feels ought not to be sent to any export territory; second, pictures that the company itself feels shouldn't go to one or more named export territories—a picture may be all right for Rumania and not for Holland, in the opinion of the company itself—third, pictures that the company itself feels would not enhance the company's prestige—the picture is all right, but since they have got this huge stockpile they say, "We would rather have you use picture A instead of picture B, because it would enhance our company's prestige." Having gotten the company's own opinion, we then come out



with a very considerable residuum of maybe 1,500 of these 2,500 pictures. At that moment the Export Association calls upon the Motion Picture Association, which has an international department that tries to look after questions of policy, and we invite the Motion Picture Association in the person of Mr. Milliken and Mr. Gerald Mayer, who are, I believe, to follow me to this table—through an advisory group, a sort of a panel, if you please, to give the Export Association the benefit of their experience and advice as to which of the pictures on the Export Association's list should go into a named country.

In the last analysis the management of the Export Association reserves the right to make the decision in the same way in which any of its member companies would reserve that right in a free market like France, for example.

Mr. WORLEY. Do the officers of the Export Association screen the pictures, and see them themselves?

Mr. HARMON. The process would be like this—let's take Poland, for instance. We have to nominate 100 pictures. I suppose there would be 25 pictures which we could put on that list without going to any records. We have seen the pictures ourselves, we know the impression they made in this country, we know that they are definitely pictures to be included. We also know X number of pictures that under no conditions would we want to include in that list. In between those two certainties would be the zone of honest difference of opinion and the zone of doubt, and in that zone we would screen the pictures, study the published reviews, study our own confidential review of every picture which we have in our files and which gives us a very good analysis of the picture content; and on the basis of the study of the printed reviews, our confidential analysis and the screening, the final decision would be made.

Mr. WORLEY. Do the film companies that are not members of your Export Association use any screening process?

Mr. HARMON. They would decide within the company as to whether they wanted to send a particular film anywhere, or, second, whether it was a picture they wanted to send to one country and not to another.

Mr. WORLEY. Does box-office value play much of a part in the decision?

Mr. HARMON. There are a number of factors. Of course, it plays a part.

Mr. WORLEY. Is it the primary factor?

Mr. HARMON. The smaller companies such as the three mentioned, often do not maintain their own exchanges in the smaller foreign countries. Instead they sell to a local concessionaire. Here is a foreigner who has been handling pictures, we will say, in Iran or Iraq, and the company may not have an exchange there. Through his New York or Hollywood contact the local distributor arranges to buy rights and he designates which pictures he wants and selects them on the basis of his own experience in selling pictures in his home country.

Naturally, such a concessionaire would not be motivated by the same considerations for portraying America in the best possible light as an American would who was local representative for a company in some foreign land.

Dr. ELLIOTT. May I ask a question about the extent of your operations as an export corporation?

Mr. HARMON. Thank you for asking that. I should have put it in the record earlier. The Export Association has exclusive rights to distribute the films of its members in the following countries: Holland, where we face this exhibitor monopoly; the Dutch East Indies; Russia; Poland; Czechoslovakia; Hungary; Rumania; Bulgaria; Yugoslavia. Then, the third category, the occupied countries: Germany, Austria, Korea, Japan.

Dr. ELLIOTT. In fact, then, your selective process through the Export Corporation applies only to these countries?

Mr. HARMON. That is correct. The selective process that I have outlined would apply only to these countries, but the fact that the directors of the Export Association were willing so recently to adopt such a meticulously worked-out plan for selecting pictures in these territories strengthens our hope that the same self-regulatory procedures which finally developed into the industry's Motion Picture Production Code 16 years ago will lead these companies themselves more and more to exercise an increasing degree of selectivity in the free markets also.

Mr. WORLEY. Don't you think that practice ought to be extended to all films for export?

Mr. HARMON. Personally, I do.

Mr. WORLEY. In all countries?

Mr. HARMON. Practically; it is not feasible at this time. It may be possible sooner than might otherwise be expected, depending upon how efficiently and intelligently the Export Association is managed in 1947 and 1948. I feel that if we demonstrate the wisdom of the basic philosophy underlying the Export Association, its facilities and machinery will be used to a greater and wider degree in the years ahead.

Mr. WORLEY. Do you know of any countries which exercise censorship over the export of their own films?

Mr. HARMON. I do not, of my own knowledge; no, sir.

Mr. WORLEY. Does Russia?

Mr. HARMON. Well, of course, in Russia, the whole motion-picture industry is a State operation. Therefore, the pictures they make, the pictures they release and pictures they exhibit are pictures that follow whatever the Government line is at the time.

Dr. ELLIOTT. They are, so to speak, censored at birth?

There is one question that is quite interesting, I think, in the light of the obvious interest of the members of this committee in good pictures being presented abroad, that is bound to reflect ultimately on the arrangement that you have just described and the need for its extension. Unless the industry is prepared to undertake self-regulation on a broader scale than merely dealing with State monopolies, State territories, and exhibitors' monopolies, the pressure will grow from political sources to see that proper selection is made some other way. It would seem to be a case where self-regulation would be in the interest of the industry.

Mr. HARMON. May I be frank here and speaking as an individual, pose a very hard case? Under the Export Association we are interested only in the total income because, it doesn't make any difference whether any particular company's product is selected for Holland

or Czechoslovakia or any other country. The net profits are divided on the basis of domestic grosses of all our members, no matter whose pictures play.

But look at the problem elsewhere. The same company sent "Young Mr. Lincoln" and "Jesse James" to Latin America in the same month. To put it in a semihumorous vein, "Jesse James" paid the transportation of "Abraham Lincoln" throughout Latin America. This is not hard to understand. In the Lincoln picture there was a great deal of conversation and speech making, and it was hard to get over in another language. Also, you had an audience in many, many scores of Latin-American theaters where they weren't too well educated in Spanish and didn't know any English. They had to be able either to read the Spanish subtitles or understand the English dialogue in order to appreciate the picture.

"Jesse James," on the other hand, was a cops-and-robbers picture, packed with action. It didn't take much knowledge of either Spanish or English to understand the action in that picture, so this action picture went over with the mass audience; whereas the Lincoln picture that depended on talking, required a much more discriminating audience with a higher level of education either in English or in Spanish.

Now, it was pretty largely a case of that company sending both or sending neither, and both of those characters, Abraham Lincoln and Jesse James, came straight out of the American scene. They weren't contemporaries, but I think their lives did overlap, and they both did live and both did get around a good deal and both left an impact on American life.

I don't like to mention them in the same breath, because, of course, we all recognize that Abraham Lincoln is one of the great figures of all history, but I cite the two together in order to illustrate how difficult a problem we are dealing with here.

Dr. ELLIOTT. I can see its great difficulty, and from a box-office point of view I should think from what you said there is no question involved in a choice of this sort, but I would like to just ask this question about it: From the point of view of getting self-regulation, you have two problems in addition to the box-office problem that you have spoken of, I should think. One of them is to give a fair deal to the small independent exhibitors who do not have marketing outlets and who might feel they would be left out of an arrangement of this kind. I can conceive that they would present quite telling testimony to that effect, if called upon. And the other one would be the question of independent exhibitors with separate sales forces in Europe and elsewhere, all over the world, who are vying with each other to make a record for the distribution of their pictures.

They might be quite willing to accept the pooling arrangement that you have for an area where they were competing against complete monopoly, but they might be unwilling to accept that arrangement in a competitive market.

Mr. HARMON. That is a fair statement at the present time. They are unwilling to do so in the highly competitive markets.

Dr. ELLIOTT. That leaves us with a problem, doesn't it, of working out some method of agreeing to view these pictures in the light of their suitability as true vehicles for American ideals, even allowing that "Jesse James" is a certain contribution to the American epic?



Mr. HARMON. It is definitely a continuing problem. I have been with the industry now exactly 10 years. I have hopes that the industry will solve it over a period of time through self-regulation in the same way we have solved, very well, problems of the moral content of pictures through the voluntary procedures of the production code. I would go back again to what I said a while ago. The industry itself wrote that paragraph:

The history, institutions, prominent people, and citizenry of other nations shall be represented fairly.

And when you have 154 scripts on Latin America in which you make very sure that these people are presented accurately and fairly, I think that is an awareness not only of good box office but also of social responsibility.

I think the fact that we changed the code ourselves to make it apply also to the presentation of American history and people is significant.

Dr. ELLIOTT. Does that code, by the way, apply to all producers in the United States?

Mr. HARMON. It applies to producers that supply about 99 percent of the screen time. The only people who are under compulsion to use it are the producers and distributors who are themselves signatories to the code, but the fact remains that the people who supply films occupying more than 99 percent of the total screen time in this country do use it.

The ones who do not use it are: The makers of a handful of pornographic domestic films and distributors of a certain number of foreign films that are released only in 10 or 12 cities.

Dr. ELLIOTT. Those are both good points. There is one other one perhaps in connection with the difficulty that you have in controlling this problem from the point of view of numerous distributors abroad, all vying with each for markets, and so on.

Do you see any possibility of cutting down the effect of that? If I understand the effects from what the committee was able to judge abroad, it is this factor of highly competitive salesmanship of inferior products, the taking up of a large percentage of the booking time of local exhibitors in foreign countries—that is the sorest point with most local film industries from the point of view of protection of native industry. Am I wrong in that?

Mr. HARMON. Well, of course, there are some countries such as Holland that have no native industry in the production end at all. There is no production in a country like Holland.

Many Latin-American countries have little or no production. Mexico has an increasing volume, and so does Argentina. In countries that have production, of course, we run head-on into the matter of the division of screen time. Now, we feel that the top-flight American product has the best chance in those countries because it is qualitatively the best that is shown there. We believe, therefore, that on the basis of competition alone the local-made native product, plus our quality films, can compete with real success against the inferior American product.

We think the problem is in the countries that do not have any production of their own, where marginal theaters may play this inferior American product.



Dr. ELLIOTT. Just as a question: It is not only these marginal films in nonproducing countries, but the resentment of local film industries at having so much of the time taken up by inferior films sold at very low prices through uncontrolled competitive situations where the foreign outlets are, so to speak, cutting each other's throats. It is a form of dumping, I suggest—if you want to say it that way. They are sure of a domestic market, they get a marginal return on foreign distribution, and, therefore, they can sell at very little return in terms of rental values for the foreign distribution.

Mr. HARMON. My personal feeling is that we may have a continuing problem for another 2 or 3 years, but as soon as we get straightened out after the war, I don't believe that the dumping of this inferior product by these nonmembers of Export in either the free territory or Export territory will be as serious as it looks right now.

Dr. ELLIOTT. I hope that is a correct view.

Mr. HARMON. It wasn't before the war.

Dr. ELLIOTT. I note that the French, the Swedish, and the Italians all complained rather strongly on this point and felt that it was one of the things that most embittered their attitude from the point of view of the national film industry itself, the producers' part of it, about American films; whereas, if they had had a high quality selected list of films quite apart from their representative character of bearing American ideas, presenting a correct picture of American life—just good box-office films, they claimed their attitude would be different.

Mr. HARMON. I think this is one of the prices we have to pay for freedom.

We would be very happy if all of these producers and distributors were members of both of our associations. They aren't. They do use the facilities of our production code and our advertising code and our title bureau. That is progress. We believe as the years come and go, their own leadership will come more and more to accept a higher and higher degree of social responsibility. I might say they did during the war. It was my pleasure to work with them as wartime Coordinator for the entire industry and with all members of the industry's War Activities Committee, and the cooperation that they practiced during the war is another good omen of the cooperation that I think they will practice in the years ahead, but it will be a gradual development.

Dr. ELLIOTT. You feel this is the great open area for self-regulation?

Mr. HARMON. Yes.

Dr. ELLIOTT. In the national interest, presumably, as well as perhaps in the interest of prudence in dealing with foreign countries which have their own film industries?

Mr. HARMON. Yes, sir.

Mr. WORLEY. What do you suppose would happen if this Government should set up a board of censors to determine whether a certain picture was suitable to be shown abroad?

Mr. HARMON. I think that all of us would be in the position of feeling that that was a very serious impairment of freedom of expression and that it would be a step backward for our country to take at a moment when through the meeting in Paris, our representatives have been trying in just the opposite way to break down barriers and

promote freedom of information through the cultural organization that is a part of the United Nations.

I personally feel, sir, that democracy may not be the most efficient method in the world, but it pays off in the end. We have constantly to keep in mind that the screen only found its voice 20 years ago. I think we have come a long way through voluntariness in the 20 years since.

I think we will continue to advance along that same road, and every advance we make through our own recognition of social responsibility, is a real advance because it is based on voluntariness rather than on compulsion.

Mr. WORLEY. What do we have, six or seven States here in America which censor pictures?

Mr. HARMON. Six.

Mr. WORLEY. What do they pass on, Mr. Harmon?

Mr. HARMON. Chiefly details of crime. I saw the report from New York 2 days ago, and there wasn't a single picture that bore our seal that had been cut in New York in—I think this was November's report—although it may have been the report for October.

Mr. WORLEY. Do you think that type of censorship is desirable?

Mr. HARMON. No, sir; I don't think any type of censorship is desirable. As I said earlier, I edited a newspaper for several years, and it is in my blood to oppose censorship whether it is of newspapers, motion pictures, or anything else. I believe in freedom of expression.

Dr. ELLIOTT. May I ask you a leading question for a fellow who just said that? When you are presented with 120 pictures, out of which the Czechoslovakians have a right to choose 80, and 100 pictures that you select, out of which the Poles choose 65, how do you determine those 100 pictures of the 120?

Mr. HARMON. There would be a number of factors that would enter into that problem of selectivity.

Dr. ELLIOTT. I understand the screening process.

Mr. HARMON. No, sir, I will give you another that came up with the Army and this is why I mention it. I want to put into the record that the military authorities exclusively determine the pictures that go into Germany, Korea, and Japan. However, sometimes we make recommendations, and so forth, to the military authorities when we think a selection wasn't too good.

For example, the other day they asked for the most recent Margaret O'Brien picture. Here is a very popular child star. She is now, say, 10 years old. Now, there are four or five other pictures, very good ones, in which she is shown 6 years old, 7 years old, 8 years old. They were made during the war. It would be perfectly stupid for a group of Czechs to see Margaret at 10 and then 2 years from now see her at 8, and then 2 years later see her at 6 years of age.

One of the factors that would enter into selecting that list of 120 would be the first of the Margaret O'Brien pictures that we think would have a market in Czechoslovakia.

Dr. ELLIOTT. It is a very solemn responsibility that you have when you are allowing these people to choose for two thirds, roughly speaking, of the pictures that you nominate, and I suppose you follow up to be sure they are shown in accordance with the agreement?

Mr. HARMON. Yes. That is, to whatever degree we are permitted to have representatives in the country.

Dr. ELLIOTT. That is very important, I am sure, to follow it up. You are, in effect, permitting them to show, out of what you have previously selected, any of those pictures, and unless their selection is as broad as your own and as balanced as your own, they can throw the balance very heavily, if you don't rather carefully screen out pictures that would cumulatively build up bad impressions.

Mr. HARMON. We are in a position to do that because of the fact that we have (a) the stock pile of 2,000 to 2,500, and (b) we are adding to that stock pile at the rate of about 400 pictures a year. Now, if Czechoslovakia can only absorb 80, you see that even from our current supply we could choose a great many very good pictures.

I don't want to turn this into an exploitation session this afternoon and call the roll of outstanding pictures of that kind; but I do believe, sir, that out of 400 per year there is at least 1 picture a week that in any town that has 4 theaters would be worth while for a busy man to take his family to see.

Dr. ELLIOTT. I don't think the committee ought to impose on you to give the tip-off on the best picture, but it might be possible for you to give them a list of those 120 pictures, if it wasn't too much trouble.

Mr. HARMON. I once put into the record here for another committee of the House, chaired by Mr. Lea, actual statistics in regard to Senator Neely's home town of Fairmont, W. Va., of the pictures played there for a whole year week after week, arranged by weeks, in order to document the statement I just made that in any town that has four theaters or more you can really pick and choose, week after week, a picture of real quality that a man can take his family to and feel they come away with something more than just amusement and entertainment.

Mr. WORLEY. At the present time there is no compulsion except voluntary restraint so far as any motion-picture producer is concerned in what he sells or sends overseas, but you do think that the industry itself should take every step it can take to further this selectivity?

Mr. HARMON. Yes, sir.

Mr. WORLEY. But you do not think that it is sufficiently grave or important at the present time to justify any governmental interference?

Mr. HARMON. No, sir. I think that Government intervention, with the finest motives, today would be the first long step on the road that ultimately leads to dictatorship.

Mr. WORLEY. I don't know of anybody who wants to invoke censorship or resort to dictatorship in any form.

Mr. HARMON. I am sure of that, but that is history.

Mr. WORLEY. I don't know of anyone who wants to invoke censorship of either radio, press, or motion pictures; but, at the same time, I think you will concede a rather serious question is raised when one individual can distribute any sort of film he desires and put the United States of America in the worst light conceivable purely in order to stimulate what he calls box office and make money.

Mr. HARMON. I think that applies also, Mr. Chairman, if I may say so, to newspapers, magazines, and any other media that purveys information.

Mr. WORLEY. You do not think, then, there is a distinction between motion pictures, which deal largely in fiction, and the press or



newsreels that are supposed to deal purely in facts, or news magazines or magazine articles?

Mr. HARMON. It would be equally applicable, would it not, to books of fiction? I would hate to feel that we were going to limit the export of novels that were best sellers in the United States because there were characters in them that showed that all Americans were not equally heroic in stature. Of course, if the Government begins to review motion pictures for export, then it is inevitable that the same policy will be applied to books, magazines, press, and radio.

Mr. WORLEY. Let me ask you this: In the case of Tobacco Road, for example, did it have a very wide circulation abroad? Or, another instance, Grapes of Wrath?

Mr. HARMON. In regard to Tobacco Road, I really do not know. It was released during the war while I was away from the association. As to Grapes of Wrath, everything depended on who you talked to. You quoted this morning, sir, from certain of the dispatches mentioned in the McMahon report. I have seen all those dispatches. There are other dispatches that referred to Grapes of Wrath as a great social document. Some believe its exhibition did good in that it showed that side of American life.

There were still other dispatches that thought it a disservice for that kind of picture to go overseas. There were people in this country who thought it was a disservice for the book to have been written or for it to have been printed. There were others who thought the production and release of the picture was a disservice. Others thought it was significant; that the screen had become adult and could now deal with adult themes, and against the background of a gripping story could also portray current problems of that kind.

Mr. WORLEY. Is there any competition between commercial films and the documentary films of the State Department?

Mr. HARMON. Competition?

Mr. WORLEY. Yes.

Mr. HARMON. No, sir; not to my knowledge. The motion-picture industry is going into the 16-mm. commercial operation overseas by leaps and bounds. That is one of the good things that came from the war.

Mr. WORLEY. Have you found that the activity of the State Department stimulates a desire on the part of many people to see American commercial films?

Mr. HARMON. I couldn't answer that on the basis of any actual knowledge, because my work during the war was with the War Activities Committee in this country, and I have no direct information as to the impact of the overseas activity of the OWI.

Mr. WORLEY. Would you say generally there was any conflict in the type of pictures put out by the State Department and the commercial kind; that is, in the impression left in the minds of the foreign audience?

Mr. HARMON. One of the gentlemen this morning referred to the picture Country Doctor. I haven't seen it. As soon as he mentioned Country Doctor, I thought of a picture made by RKO, A Man to Remember, which I think is one of the great pictures. It is the story of a small-town doctor.

Along with it I would associate One Foot in Heaven, the story of a small-town minister.



Some reference was made this morning to excellent films by the American Association of Railroads. When those industrial films were mentioned I thought of De Mille's epic, *Union Pacific*, which the Army has selected to show the Germans and from which we extracted huge segments for this land of liberty, the cavalcade of American history. I do believe you find within the brackets of entertainment, both in short subjects and in features, very large segments of the American scene. Mr. Begg was very kind in his reference to the *March of Time* and to *This Is America*, a series of RKO short subjects.

There are some very fine films that follow the same general pattern as the ones in which he is so interested that are made and released commercially. I suppose the test will come after about 5 years of 16-mm. commercial operation overseas.

You see, during the war the technological advances in re-recording sound on 16-mm. were very great, and also the technological advances in motion-picture projection on 16-mm., so that today several of our member companies are very actively engaged in the use of 16-mm. pictures overseas as a commercial vehicle. Luzon, in the Philippines with its network of good roads, is the type of place where mobile projector units can economically and profitably exhibit American films with English sound tracks.

The Export Association is going into 16-mm. distribution in a number of its markets since our operation is not primarily commercial but we are trying also to use the Export Association for the good of the industry as a whole. We want to test and demonstrate what the potentialities of 16-mm. entertainment and informational films really are.

The 16-mm. film has a great field ahead in the next decade in education and also to supplement the wider-width film in the standard theater. When you think how low the economic level is in the villages of China, obviously they can't sustain a 35-mm. operation in the hinterland of China. If we are to get this enormously educational and useful medium to them, it has to be at an economic level that they can help to sustain, and that is the 16-mm. mobile equipment.

DR. ELLIOTT. I have just one question to finish up. You were speaking about books and their comparable character to the screen. I remember, for instance, that the Association for Libraries for Russia, books for Russia—in that connection I did some work with them for awhile. They had to get a lot of books. I then lost interest in it somewhat when I found that the list they had been requested by Moscow to furnish to the Russians were a very limited list of a very peculiar caliber—not representative at all of American life in a true picture as a whole.

I wonder what happened to the other books, whether they went into pulp or what. That is not quite the same position with the films, but it is an interesting question.

If they are furnished a list of films that includes ones we saw shown in Russia in Baku and Moscow for example like *Elephant Boy* and *Thief of Bagdad*, *Never Never Land*—films I have called them—something that had no reference to the contemporary scene, or with some old historic pictures occasionally—I believe the only contemporary picture showing was one that had some Russian songs in it, which

they deplored because they were old songs. They showed Butler's Sister, or something of that sort; otherwise no film showing American life in the way that would bring it home to the Russians and the way we are trying to get it to them.

Now, do you, in your Export Association, insist on having films shown in a way that will balance, if you distribute any, or do you not?

Mr. HARMON. That is our objective. As I told you, the Polish deal was only consummated on Monday of this week. The first pictures sold to the Czechs are playing now in Prague. The fact that Wilson was on our list of nominations and was at the top of their list of selections, I think, is a pretty good omen. I believe 6 months from now we could give you a much more useful and indicative answer. It does depend on how well we handle it, and some of the officers of the Export Association feel a very serious continuing responsibility to handle the selection process as intelligently as we know how.

Dr. ELLIOTT. I am sure it is a very important responsibility and is probably the only way to handle it at this time.

If you would make available to us a list of the pictures that have been shown in Russia for the last year, it might be of interest. Would that be possible?

Mr. HARMON. I have no such list. The Export Association has not made any arrangement to get films in. We have approached the Russian representative in New York, and it is possible that Mr. Maas, our general manager, may get to Russia on this trip. Certainly, that is one of our objectives in 1947.

We are supplying to our Ambassador in Moscow, at his request, on 16 millimeters, a certain number of films every month for his use. We feel that to the extent that those films are shown to personal friends of his at the Embassy, to that extent, at least, some folks who have not yet visited the United States may see the best of it under favorable auspices at the Embassy.

Dr. ELLIOTT. It is certainly highly desirable if it can be done.

Mr. HARMON. We are trying to select those films with care. We are trying to meet his suggestions month by month.

Dr. ELLIOTT. Would it be possible to get a list like the ones for Poland and Czechoslovakia, just to see just what films are offered, and so on?

Mr. HARMON. Yes, sir. We will be glad when the nominations for Poland are set to supply those.

Mr. GOLDEN. If I may be permitted, Mr. Chairman, I believe I can furnish a list of the films that were shown in Russia in the last 4 or 5 years. [Reading:]

#### PICTURES IMPORTED BY RUSSIA FROM THE UNITED STATES, 1939-45

1939—One Hundred Men and a Girl.	1943—Also imported two short subjects:
1940—The Great Waltz.	The Face of the Fuehrer.
1941—Champagne Waltz.	The Old Mill.
Give Us This Night.	1944—The Hurricane.
Three Musketeers.	The Little Foxes.
In Old Chicago.	The North Star.
Under Your Spell.	Song of Russia.
1942—No pictures purchased.	Charlie's Aunt.
1943—Bambi.	1945—His Butler's Sister.
Mission to Moscow.	Appointment for Love.
Sun Valley Serenade.	Spring Parade.
Edison.	This Is the Army.
Battle for Russia.	Men In Her Life.

Dr. ELLIOTT. Thank you very much indeed.

Mr. HARMON. Mr. Chairman, I would like to put in the record a reprint of an article from the 1946 fall issue of Harvard Business Review, entitled "Hollywood and International Understanding." (See exhibit 2, p. 2621.)

Mr. HARMON. This morning you quoted by number, as the article quotes, four of the dispatches upon which the McMahon report was based. In this particular article the author, Dr. Hansen, of the Harvard School of Business Administration makes the following comment about these selections by Dr. McMahon:

Of the five illustrations cited, four are critical of American films and one suggests a corrective possibility. The inference is that undesirable reactions are representative. However, this is by no means the case. In the same data, but not quoted by the report, are balancing favorable comments like the following:

And then he quotes dispatch No. 836 from Canberra, Australia; and dispatch No. 829 from St. John's, Newfoundland; dispatch No. 11 from the Azores; dispatch No. 188 from New Delhi; and dispatch No. 473 from Buenos Aires.

With your permission, I will read only the last one from Buenos Aires. It is as follows:

United States pictures as a group are vastly superior in quality to any others shown in Argentina. American news reels also lead the field in quality. Because of their infinite variety, their lavishness of production, and their perfection of technique, and because they are acted and directed by the best talent available, the American pictures are the most popular as well as the best in quality. American films have had by far the greatest propaganda influence in Argentina. The full story of America's part in the war has been effectively told to Argentina. Interwoven always in these plots is the prodemocratic theme, which makes itself felt as the only real salvation of the world.

Mr. WORLEY. Do you know any reason why Mr. McMahon should not have included those in his paper?

Mr. HARMON. No, sir. The article by Dr. Hansen goes into some detail in its analysis of the McMahon report and covers a good deal of the same ground, Mr. Chairman, that we have been discussing so fruitfully here today.

Mr. WORLEY. We would like to have that in the record.

Mr. HARMON. And I would also like to put in the annual report to the Motion Picture Association of America by Eric Johnston.

(Documents previously incorporated in record.)

Mr. WORLEY. We also want to thank you for a very interesting and informative session. We are also glad to know you originally came from a district now so very ably represented by our chairman, Mr. Colmer. We think a great deal of him up here.

Mr. HARMON. Thank you, sir.

Mr. WORLEY. Mr. O'Hara.

Mr. O'HARA. Our next witness will be Governor Milliken.

#### STATEMENT OF GOV. CARL E. MILLIKEN

Mr. MILLIKEN. My name is Carl E. Milliken. I have been for 21 years the secretary of the Motion Picture Association. In addition, I have had other responsibilities, and since early in the war have had to take over for the time being the office of manager of the international department. That may be regarded as a war emergency.

I think we have established or heard sufficiently about the motion picture and its character abroad, the fact that the industry asks no



special privilege here or abroad, that what we do want is the opportunity to compete on equal terms with other producers and distributors everywhere in the world.

As an industry we have never asked and do not ask any protection here in the form of tariffs of otherwise. Anybody can bring any film into this country, provided it is not indecent in the opinion of the Treasury Department, through whose customs offices it inspects imported films. We are for the policy, which we understand is the policy of the Government and the State Department—that is the encouragement of the utmost freedom in the circulation of media of expression and ideas throughout the world. We think that is all that we should expect and we are not at this time asking anything further, either retaliation or punishment for anybody.

Mr. WORLEY. On your first point—what can the Government do to aid and assist the industry in that respect?

Mr. MILLIKEN. If you will allow me, Mr. Chairman, my task is to recount very briefly the obstacles we face, and my associate and colleague, Mr. Mayer, will come to that other point for you, if we may do it that way.

Mr. WORLEY. Very well.

Mr. MILLIKEN. May I express not only appreciation for the work the committee is doing, but having had some experience myself on legislative committees, I want to express admiration for your patience and the attention you are giving to these matters.

Mr. WORLEY. We find the information very helpful.

Mr. MILLIKEN. Coming now to the point of obstacles that we face abroad—in the first place, we face, of course, as all exporters do, certain general obstacles growing partly out of the world situation. Some of those were suggested this morning: Scarcity of dollar exchange, depreciation of world currencies against the dollar, the impoverished position of populations abroad, difficulties in travel, both of persons and commodities; but in addition, we face certain special hampering restrictions that do not in general apply to other exporters of commodities.

Those are restrictions imposed by governments. It is still true, as it has been and was before the war, that the peoples of the world want to see American films. They are, as they have been, the favorite form of mass entertainment throughout the world. The restrictions that trouble us are imposed by governments and for the following reasons, among others, Mr. Chairman:

For additional revenue. That applies to some of these taxes. Revenue is desired by all governments in increasing amounts.

Then, to minimize what they call Americanization. That is the influx of American ideas and American products into their country. Particularly in many cases it is the desire to get their country portrayed on the screens of the world. That is, in my opinion, the basic reason for government support of native industries, either actual or potential. They want the world to know about their country.

To protect their people from knowledge of what we call the American way of life. I ought to touch that lightly, perhaps, but that is a very real reason for the government restrictions, particularly in the areas around Russia and in Russia itself. Reference has been made here to the type of pictures that could be shown in Russia, that would be permitted to be shown in Russia.



Our dilemma at that point is that the very pictures which, in the interest of this country and in the interest of the promotion of the ideals of this country we would want to show, they will not permit to be shown because they do not want their people to see films that would indicate there are other ways of life that are tolerable and perhaps better than their own.

I want to refer very quickly to a number of these restrictions. They are typical. They are not all the restrictions that obtain, and the illustrations given are only illustrations and are not the whole list.

We have, for example, excessive import duties assessed against the importation of films. The prize example is Spain, where before the war it cost on the average about \$90 in customs duties to import the average feature-length picture. The average import cost now would be \$11,000.

We have internal taxes on gross business——

Mr. WORLEY. Spain?

Mr. MILLIKEN. Not in Spain. Now we are coming to another type. Internal taxes on gross business assessed ostensibly against all distributors of motion pictures, and therefore not discriminatory in the technical sense, but actually imposed upon our business because we are the principal importers. The prize example is New Zealand, 25 percent on gross business.

Mr. WORLEY. Getting back to Spain, is that directed just against American films or all films?

Mr. MILLIKEN. Against all films.

Mr. WORLEY. All films?

Mr. MILLIKEN. Yes; but the American film has always been and is still the principal import from abroad. That runs through all these cases, Mr. Chairman.

Mr. WORLEY. Yes; I understand.

Mr. MILLIKEN. We have restrictions ostensibly applied to everybody, but actually because we are the chief importers, applied to us.

We have situations where import licenses must be procured from native producers in order to permit the importation of film. That is true particularly in Spain where the companies that want to import films have to go and buy import license from some native producer. The current cost runs from 175,000 to 250,000 pesetas.

That is an indirect but very effective method of financing the local industry at the expense of the American industry.

We have in many countries or in a considerable number of countries limits imposed by governments on the number of American films that may be imported. For instance, India, France. That is on the theory, which doesn't hold good in practice, that the revenue from a set of pictures will be in proportion to the number.

During the war, for example, the Indian government decreed that we might import annually only 75 percent of the previous number imported in the year before. That was for the purpose of restricting the amount of exchange that would be required for remittances. That did not prove effective. The smaller number still brought about the same revenue.

The next year they put it down to 50 percent. It still did not prove effective. Now, we have that kind of limit in a number of countries.

We have in many countries a limit on theater screen time. That has been already referred to here. France, Argentina, and England are examples of that.

We have in China, particularly lately, a quota imposed upon the footage that may be imported. That is causing great difficulty among the companies now because each company has been allocated a certain amount of footage, and so far as anybody can tell, that allocation has no reasonable relation to the business the company does.

Mr. WORLEY. In China?

Mr. MILLIKEN. Yes, Mr. Chairman.

Mr. WORLEY. What steps are we taking in trying to eliminate those restrictions?

Mr. MILLIKEN. That gives me a chance to say that we have had and do have the finest cooperation of the State Department and the Department of Commerce in all these problems.

Mr. WORLEY. Have they made any progress?

Mr. MILLIKEN. We have now the information sent on through the Department to our representatives, our diplomatic representatives in China, to be taken up by them with the Chinese Government. It is not technically a matter about which an official protest can be filed because it is an internal regulation. However, we feel that the process which has been placed at our disposal so many times will be effective here, too, eventually.

We have discriminatory taxes on theaters. Argentina is the principal example there. That is a device by which the tax upon a theater is less if the theater plays only native products and greater if it plays foreign products. I won't go into the details in the case of Argentina but that is general policy.

Mr. WORLEY. On the question of theater ownership, how many theaters are owned by American distributors or producers in foreign countries?

Mr. MILLIKEN. We are in process, Mr. Chairman, of developing a survey which will give, we hope, accurate information, reasonably accurate, about the theaters in each of these foreign countries. An elaborate organization has been developed by the new research department in the association, and we are having the full cooperation of our companies abroad. We don't have the information exactly now, I am sorry to say, as to the number of theaters, or as to the number in a given country which our companies either wholly or partly own.

In some cases they are owned outright and in some cases they are managed by the company on a lease basis or by partnership arrangement with a local owner.

Mr. WORLEY. In many cases you would have to own theaters in order to get an outlet, but that wouldn't necessarily be the answer because other restrictive legislation could be imposed even under such conditions; is that correct?

Mr. MILLIKEN. Correct. We have one of the chief causes of distress, the habit that foreign countries have developed of assuming that all the remittance from a given country is profit in the sense of income and, therefore, taxable as income. That was fought out years ago in England in the so-called Paramount case, where the British Government undertook to tax remittances as profit on the grounds that the companies would get recoupment for their negative cost in this country, and all the rest was profit.

The courts in England took our view of it and reversed the tax authorities. Since then that policy has not prevailed in England.

At the moment we have it revived in Argentina. This was fought out 6 or 8 years ago through the courts in Argentina, and the courts decided that not more than 10 percent of the revenue remitted to our companies from Argentina could properly be assessed as income. Now they are back to the same arrangement again and, frankly, we don't know how much influence the court has in Argentina at the moment.

We have in some countries, quite a number of countries, the requirement that motion pictures be dubbed, as we call it—that is, have a language dialog put in in the language of the country—the requirement that that must be done within the country. That is true in France and is true in Spain. It is proposed now in Portugal.

The difficulty from the point of view of the companies is that if they dub a picture in Spanish and then have to redub it in every Spanish-speaking country through which the picture is to be shown, the cost would become prohibitive.

We have in addition to that, coming back to Spain again, not only the requirement that the picture be dubbed into Spanish in Spain, but a tax assessed upon that process of dubbing of 20,000 pesetas or something like that.

We have in some cases, particularly in China——

Dr. ELLIOTT. May I ask, do you have an agreement with Spain now with regard to that?

Mr. MILLIKEN. No. We attempted some 6 or 8 months ago to get an agreement. We came almost to the point of agreement and then the proposal that the Spanish Government had offered was withdrawn by them before we could accept it here. The London representative of the association, Mr. Allport, is now in Spain trying to find out if it is possible to renew that agreement.

I might say, speaking of Spain while we are about it, that total cost, if the law were obeyed—and I say that with emphasis—the total cost of importing the average feature picture into Spain under these new charges would be about \$30,000 for one feature picture. There are various schemes going on, which are beyond my knowledge, but on the average somebody buys a picture in New York for a certain amount and gets it into Spain by some method, but in any case, the situation is extremely unsatisfactory, and the effort is constantly being made to reach a definite and reasonable agreement.

I was about to mention the excessive taxes on theaters, obtaining particularly in China. The results of that sort of thing are just fantastic.

You have the case of the theater in China in making a contract with the distributor on what we call a percentage basis—that is, a percentage of the receipts to go to the distributor, and then it turns out that there are all sorts of taxes and alleged contributions to charitable enterprises. Here is, for example, a typical illustration way back in July of 1945. I mention the date because the rate of exchange in China, of course, is much worse now than it was at that time. In Chungking at that time the average admission price in Chinese money was \$300. There were deductions from that for amusement tax, for revenue stamps tax, for consolidated charity, for 3.1-percent business tax, for 4-percent government bonds, for



8-percent village-reconstruction bonds. The total out of the \$300 was \$204.52, leaving for the distributor his percentage share of the magnificent sum of \$95.48, which sounds like a lot of money.

Mr. WORLEY. CNC?

Mr. MILLIKEN. Chinese national currency; yes. Back in 1945 that was. The exchange rate now is down to nearly 5,000 to 1.

Next on the list is the limit of the amount that may be remitted per film. I don't know whether that statement is clear, but we have in some countries, particularly in Greece, an arrangement by which you may take out of the country for the benefit of the owner of the film in this country only a certain amount per feature picture, no matter what the returns in the country turn out to be.

The next item I have noted here is the classification of motion pictures as a luxury rather than a necessity. That sounds like an inconsequential differentiation, but the trouble is that in many countries, particularly in South America, the rate of exchange at which we are allowed to remit our part of the receipts varies according to whether the commodity is rated as a luxury or a necessity.

We believe that in modern community life the entertainment offered by the motion-picture theater is a necessity.

We have, of course, government monopoly. That has been referred to at length.

We have also exhibitor organizations that have the effect of monopolies. That has also been outlined sufficiently.

Then we have, of course, censorship in foreign countries, not any more on account of the moral value of films, almost never any trouble from that source. The censorship we encounter abroad now is almost 100 percent for political reasons, because the ideologies expressed in the film are different from those of the country to which the film has been exported.

It is a rather patience-trying recital, but those are some of the obstacles that we face. Let me say again that in endeavoring to correct those situations we have things to do ourselves. We also need and are receiving constantly the help of our own Government through its proper agencies.

Mr. WORLEY. You are assuming the initiative yourself in selling your product abroad and in calling on the Government agencies when they are in a position to help you, are you not?

Mr. MILLIKEN. It is a two-way street, Mr. Chairman. We call on the Government, I am sure, too frequently for their peace of mind. We expect them to let us know if trouble arises anywhere in the world that we ought to do something about.

My colleague, Mr. Mayer, will go into that matter a little more in detail.

Dr. ELLIOTT. May I ask one question?

Mr. MILLIKEN. Certainly.

Dr. ELLIOTT. That is a very interesting recital and surely other countries are having their difficulties. The British must be facing the same thing and even the Russians with their methods of film distribution, which are somewhat different.

Now, I would like to ask you, Governor Milliken, from your experience in handling this whole foreign area for a considerable period of time, what importance other governments attach to the status of their



film industry for diplomatic representation, in the rank they give to the people in their embassies and legations that deal with it, and so on.

One of the things I was most struck with while on the trip was the fact that while our Government tries to give proper recognition and aid to this industry, the man concerned with it in our embassies and legations is often reporting through from three to four channels up to the ambassador; whereas, if I understand correctly the picture—and I would be interested in being checked on it—the Russians have established in every important embassy and in most legations a man with the rank of minister, whose sole duty it is to push Russian films.

MR. MILLIKEN. I am not sure I am familiar with that, with all those details abroad, but the main thing with reference to Russia, I think, is that the Russian Government has recognized the film as a—well, let me say perhaps in the proper sense—a propaganda medium and has been using it for that purpose more extensively and more effectively than any government in the world has done since Germany collapsed.

They are infiltrating wherever they can with films that to their minds express their view of the way of life that they call democracy, and they are doing it without regard to commercial return, if necessary.

That is true in India; it is true in Mexico; it is true generally, I think, throughout the world.

Now, I think I might venture to say something about the difference between our own policy and the British policy in that regard. We have to remember that the British have been probably the greatest traders in the world for a hundred years. With them the importance and the welfare and promotion of British trade is the top job of British diplomats throughout the world. I think that is not an exaggerated statement.

That means that they, too, have recognized the importance of the film as an advance agent and a catalog of British goods, and that is part of the reason for their very great interest, the very great interest that the British Government has in the expansion program of the British motion-picture industry. Our own Government has shown, particularly in recent years, a very definite interest in the importance and an appreciation of the value of the circulation of American films on the screens of the world.

However, those two Governments have gone further, it is fair to say, in the direct promotion of the use of the motion picture.

MR. WORLEY. You are familiar with the Russian 5-year plan, are you not?

MR. MILLIKEN. Yes.

MR. WORLEY. I would like to insert in the record at this point a United Press article dated May 21, 1946, setting up in detail this plan.

Thank you very much, Governor.

(The article referred to follows:)

#### SOVIET WORKS OUT 5-YEAR FILM PLAN

Moscow, May 21.—A comprehensive 5-year plan for Soviet film production was announced today.

Moscow studios will be rebuilt to produce 40 films annually. New studios will be built at Minsk, Baku, Riga, Tallinn, and Vilna.

The new films will stress the following themes:

1. The advantages of the Soviet regime over capitalism.
2. The role of the Communist Party.

3. Solidarity and friendship of the many nationalities composing the Soviet Union.
4. The people's vigilance, patriotism and duties to the state.
5. Commemoration of outstanding war heroes and heroines.
6. The Soviet way of life.
7. The family.
8. Mother heroines (mothers who have 10 children).
9. Children and youth.
10. Problems facing the Soviet Union.
11. Documentaries of the 5-year plan.
12. Industry, agriculture, and life in the 16 Soviet Republics.
13. Popularization of achievements in science, engineering and technical progress.

Mr. WORLEY. Is Mr. Mayer next?

Mr. O'HARA. Mr. Mayer is next; yes, sir.

### STATEMENT OF GERALD MAYER

Mr. MAYER. My name is Gerald Mayer. I am associate manager of the international department of the Motion Picture Association. Mr. Eric Johnston has just appointed me as managing director of the international division, effective January 1, to relieve Governor Milliken at the latter's request.

Mr. WORLEY. Be seated, please.

Mr. MAYER. Mr. Chairman, during the war years I was assistant to the American Minister in Switzerland and came back in November 1945 to become chief of the Northern European Division in the Department of State, Office of International Information and Cultural Affairs.

I resigned on May 15 to take up my duties with the Motion Picture Association.

Governor Milliken has just given you a picture of the restrictions abroad with which we have to cope. The State Department has given us excellent cooperation, and so has the Department of Commerce, as well as our missions abroad. The increasing complexities necessitate an expansion of our program to send qualified men to key points in the world. We like to find men with State Department or other Government experience and with a thorough knowledge of the territory to which they are sent.

Mr. O'Hara and I have just returned from England with Mr. Johnston. We had intended to cover central Europe and some of the Balkan countries. However, Mr. Johnston's illness prevented this program, and we expect to continue our survey next spring.

However, we were able to make a more thorough study of the conditions of the film industry in England as a result of our protracted stay there. While in Germany and Austria last summer, Mr. Harmon and I gathered first-hand information on the best ways and means to assist our Government in carrying out its reorientation program in those two countries.

In short, what we would like, Mr. Chairman, is a continuing appreciation of our difficulties by the Government within the framework of the Government's economic policy. We have trade agreements with most countries, and when discrimination is exercised against us we would like to have adequate representations made.

What we need is the freedom of our men to move to parts of the world where we distribute films. We would like films to move freely

throughout the world, and we would like the continuing assistance of our missions to enable us to do so.

Mr. WORLEY. Do you find any lack of cooperation on the part of the Government?

Mr. MAYER. No. On the contrary, we have found very good cooperation everywhere.

Mr. WORLEY. Of course, there are some things that the Government can do and some things it cannot do.

Mr. MAYER. I agree. When I stressed the need for such assistance, I underlined that it be made available within the framework of our Government's economic policy and of their trade agreements and their commercial treaties.

Mr. WORLEY. Do you believe our Government is driving as hard a bargain in relation to motion pictures and other industrial output of the United States with other countries as it can drive?

Mr. MAYER. Will you please repeat that question?

Mr. WORLEY. Do you suppose the United States is driving as—I won't put it "as hard a bargain"—but as advantageous a bargain as it can drive in its relation with these other countries?

Mr. MAYER. I don't quite think I am qualified to answer that question.

Mr. WORLEY. Well, what is your opinion? You know what these restrictive pieces of legislation are.

Mr. MAYER. I think we are very fortunate in having an Under Secretary like Mr. Clayton, who drives very, very excellent bargains. I think it is exemplified in the Blum-Byrnes accord. It depends a good deal on the personality of the individual, how good or how bad a bargain can be made.

Mr. WORLEY. It seems strange that while we allow free competition, and permit any motion-picture distributor anywhere to come in here without any restriction at all, at the same time other countries prohibit our entry.

Mr. MAYER. The industry has never asked for any type of restriction and does not want restrictions. It believes in free trade and in free competition.

In England recently Mr. Johnston made it very clear that barriers beget barriers, and he expressed the hope that England would lower rather than raise its restrictions.

A good many of the people in England appear to agree with him, though it is far from certain what the outcome of the negotiations will be there.

Dr. ELLIOTT. "Barriers beget barriers" is a truism that works two ways, doesn't it? If we are confronted with an increasing height of barriers and perpetual difficulties in the marketing of our own product abroad in this particularly important area, is it not likely that that will create a tendency in this country for reciprocal action along possible retaliatory lines?

Mr. MAYER. I agree that restrictions beget restrictions, but I wouldn't necessarily say that this is presently true in the film industry.

Dr. ELLIOTT. In other words, the film industry feels on a sufficiently strong foundation, commercially speaking, to take any competition in the American market and laugh it off, so to speak?

Mr. MAYER. Yes. We will continue to advocate freer movement of motion pictures everywhere in the world. If other nations are



unwilling to adopt such a policy, then, of course, we shall be forced to review ours.

Dr. ELLIOTT. So that is a very unique industry, and I am sure it is a great comfort to Mr. Clayton, but there are other questions of public policy involved in exclusion of foreign propaganda or its reciprocal treatment which are not directly relevant to your association, and more properly raise the questions dealt with with the State Department this morning.

Mr. WORLEY. I don't know how reliable this information is, but I understand there is a good bit of sentiment in England to nationalize their film industry.

Mr. MAYER. We have heard rumors to that effect, sir. There has been nothing certain.

Dr. ELLIOTT. I think it would be fair, then, to summarize your testimony, Mr. Mayer, by saying that you feel the cooperation that you are now getting from the Department of State and from other agencies of the Government is as adequate as could be expected and that you have nothing further to request of the Government in that matter.

Mr. MAYER. I might add this one thing. We hope that the men whom we propose to send abroad will receive the same excellent cooperation that the men are getting who are active for the association abroad now.

Dr. ELLIOTT. Just in terms of the actual record, how successful has been the removal of these discriminations by process of negotiation that we have heard described heretofore and in the instances that Governor Milliken laid down. Can we register a series of triumphs in the negotiations?

Mr. MAYER. You will recall that Mr. Brown offered to submit for the record the evidence on certain countries where negotiations had been successful. I think he has offered a memorandum to that effect.

I don't recall offhand every one of the countries in which these negotiations have been successful. Mr. Harmon and I were in Holland recently and during our stay there the Department was very active in helping us negotiate an agreement with the Bioscoop Bond. Our first conference with the Dutch Minister of Education was brought about by the American Ambassador.

Similarly, Mr. Harmon told you that Ambassador Steinhart has been extremely helpful to us in Czechoslovakia.

Dr. ELLIOTT. I think the record has uniformly been one of helpfulness, but I was raising the question of effectiveness.

Have you a satisfactory arrangement with France at the present time?

Mr. MAYER. We have a very satisfactory arrangement with France at the present time due to the Blum-Byrnes accord.

Dr. ELLIOTT. That is now being implemented by the French Government and the French industry?

Mr. MAYER. The accord is being carried out now.

Dr. ELLIOTT. Are there any administrative problems connected with it?

Mr. MAYER. There are small problems, which arise with every country at all times, but no more so than usual.

Dr. ELLIOTT. Is the Italian situation fairly satisfactory to you?

Mr. MAYER. The Italian situation comes up for consideration because the treaty has to be extended for another year. We expect that it will be extended for another year.

Dr. ELLIOTT. The existing treaty in its operation has been satisfactory.

Mr. MAYER. Yes.

Dr. ELLIOTT. These are the main markets, are they not?

Mr. MAYER. I might add that the industry voluntarily limited the number of films it sent to Italy during the past year and expects to do the same in 1947.

Dr. ELLIOTT. In the Arabic-speaking world, starting with Egypt and working to the Middle East, are you experiencing difficulties there with restrictions of showing time for American films, et cetera?

Mr. MAYER. We have definite problems in Egypt. We have just appointed a new man, who was assistant to Byron Price during the war years; He has just gone to Cairo. We have not received his first report. I would much rather reply to that question after I have more authoritative information.

Dr. ELLIOTT. The complaint was often made to the committee in Cairo and elsewhere in the Middle East about the lack of films dubbed in Arabic for distribution in the Arabic-speaking world.

Mr. MAYER. Egypt has some production of its own, and they are very jealous of any foreign films dubbed in Arabic, which might be sent to Egypt, for fear that they will ruin the local infant industry, which is quite understandable. We have been rather careful in limiting our dubbing due to that fact.

Dr. ELLIOTT. I gather India is not yet satisfactory from your point of view.

Mr. MAYER. In India we are having difficulties. We expect to send a man to India shortly. Certain legislation looms up of a restrictive nature, and we expect to cope with it.

Dr. ELLIOTT. And the same thing, roughly speaking, is true of China?

Mr. MAYER. Governor Williken has already told you of the difficulty we are experiencing in China.

Dr. ELLIOTT. In your judgment, the steps taken by the Government are all that reasonably could be expected?

Mr. MAYER. I think they are doing everything they could possibly do in the framework of their policy.

Mr. WORLEY. Do you have any additional points you would like to make, Mr Mayer?

Mr. MAYER. No, sir.

Mr. WORLEY. Thank you very much, Mr. Mayer.

That concludes the list of witnesses, and the committee stands adjourned.

(Whereupon, at 4:15 p. m., the subcommittee adjourned.)

# APPENDIX

## EXHIBIT 1

### THE MOTION PICTURE ON THE THRESHOLD OF A DECISIVE DECADE

ANNUAL REPORT (TWENTY-FOURTH YEAR) TO THE MOTION PICTURE ASSOCIATION  
OF AMERICAN, INC. (FORMERLY MOTION PICTURE PRODUCERS AND DISTRIBUTORS  
OF AMERICA, INC.) BY ERIC JOHNSTON, PRESIDENT, MARCH 25, 1946

MOTION PICTURE ASSOCIATION OF AMERICA, INC.

28 West Forty-fourth Street, New York 18, N. Y.

Hollywood: 5504 Hollywood Boulevard, Hollywood 28, Calif.

Washington: Sixteenth and I Streets, Washington, D. C.

London: 11 Bruton Street, London W. 1, England.

Paris: 74 Avenue des Champs Elysees, Paris Seme, France.

#### Officers

President.....	Eric Johnston.
Vice president.....	Joseph I. Breen.
Vice president.....	Francis S. Harmon.
Vice president.....	Byron Price.
Secretary.....	Carl E. Milliken.
Treasurer-assistant secretary.....	George Borthwick.
Assistant treasurer.....	F. W. DuVall.
Assistant treasurer-assistant secretary.....	James S. Howie.

*Directors.*—Eric Johnston (chairman), Barney Balaban, Nate J. Blumberg, George Borthwick, Jack Cohn, Cecil B. deMille, E. W. Hammons, E. B. Hatrick, Joseph H. Hazen, Robert W. Perkins, N. Peter Rathvon, Hal E. Roach, Nicholas M. Schenck, Spyros P. Skouras, Albert Warner.

*Former directors.*—M. H. Aylesworth, George McL. Baynes, Hiram S. Brown, Harry D. Buckley, Charles H. Christie, Harley L. Clarke, Robert H. Cochrane, Ned E. Depinet, D. W. Griffith, F. L. Herron, B. B. Kahane, Arthur W. Kelly, Joseph P. Kennedy, Sidney R. Kent, Jesse L. Lasky, Sol Lesser, Frederick C. Monroe, J. J. Murdock, J. Homer Platten, Edward C. Raftery, John B. Rock, Irving D. Rossheim, Richard A. Rowland, David Sarnoff, George J. Schaefer, Joseph I. Schnitzer, H. O. Schwalbe, Maurice Silverstone, Leo Spitz, Walter Wanger, Harry M. Warner.

*Original board, 1922.*—Will H. Hays (chairman), William Fox, Frank J. Godsol, Earle W. Hammons, Carl Laemmle, Marcus Loew, John Quinn, Joseph M. Schenck, Lewis J. Selznick, Adolph Zukor.

#### Members, Motion Picture Association of America, Inc.

Bray Studios, Inc.....	J. R. Bray.
Cagney Productions, Inc.....	William Cagney.
Columbia Pictures Corp.....	Jack Cohn.
Cosmopolitan Corp.....	E. B. Hatrick.
Cecil B. DeMille Productions, Inc.....	Cecil B. deMille.
Walt Disney Productions, Inc.....	Walter E. Disney.
Eastman Kodak Co.....	T. J. Hargrave.
Educational Films Corp. of America.....	Earle W. Hammons.
Electrical Research Products Division of Western Electric Co.....	T. Kennedy Stevenson.
Golden Pictures, Inc.....	Edward A. Golden.



*Members, Motion Picture Association of America, Inc.—Continued*

Samuel Goldwyn Productions, Inc.	Samuel Goldwyn.
Hughes Productions	Howard Hughes.
Loew's Inc.	Nicholas M. Schenck.
Paramount Pictures, Inc.	Barney Balaban.
Principal Pictures Corp.	Sol Lesser.
RCA Manufacturing Co., Inc.	H. B. Snook.
Reliance Pictures, Inc.	Edward Small.
RKO Radio Pictures, Inc.	Ned E. Depinet.
Hal Roach Studios, Inc.	Hal Roach.
Hunt Stromberg Productions	Hunt Stromberg.
Terrytoons, Inc.	Paul H. Terry.
Twentieth Century-Fox Film Corp.	Spyros P. Skouras.
Universal Pictures Co., Inc.	Nate J. Blumberg.
Hal Wallis Productions, Inc.	Joseph H. Hazen.
Walter Wanger Pictures, Inc.	Walter Wanger.
Warner Bros. Pictures, Inc.	Albert Warner.
Warner Bros. Pictures Distributing Corp.	Robert W. Perkins.

## I. THE MOTION PICTURE ON THE THRESHOLD OF A DECISIVE DECADE

## INTRODUCTION

The recent change of this association's name reflects more accurately the true interests of its members and the industry-wide scope of its services. By calling it the Motion Picture Association we signify that our interests extend to every phase and function of the motion picture. In the unity of the medium itself lies the compelling reason for unifying all the activities and enterprises which seek to use or serve that medium for the common welfare.

Unity is the paramount objective in this critical period of transition from war to peace. War is more than conflict. It is the use of violent means to resolve conflicts. Peace is more than the mere absence of violence. It is fully realized only when we replace conflict by cooperation. No one today supposes that the end of fighting established peace. We know that it meant only the opportunity for making peace—and making it flourish.

There are problems of peace at home as well as abroad. While our Nation was engaged in foreign war, the people responded to the call for unity. Americans worked together on all fronts for victory. But once the pressures of war were relieved, conflicts of interest and divisions of purpose reasserted themselves. Somehow it seems harder for men to work together for peace than for victory. Yet we shall not have won the fruits of our war effort unless our peace effort is attended by the same willingness to work together for common goals.

What is true of the Nation is true of this industry. The enterprise of motion pictures necessarily requires the cooperation of many arts and crafts, of many industrial factors in the process of production, distribution and exhibition, and of a wide variety of noncommercial agencies and institutions. So long as partisan interests prevail, conflicts are inevitable between labor and management, between distributor and exhibitor, between commercial and noncommercial groups concerned with motion pictures.

The spirit of free enterprise, in opposing regimentation, believes in competition but also knows the need of cooperation. It seeks a constructive interplay of diversities in interest and function. It calls upon us to recognize that though different groups participate differently, we are all parts of one another in a common enterprise.

I look upon the medium of motion pictures as one source of many values, one instrument of many services. It seems to me that we must concentrate upon what is common to all uses of film and screen, if we are to find a common unifying purpose for all the groups which ought to work side by side for the improvement of motion pictures.

To this end I propose that we think always of the motion picture. I for one am interested in motion pictures of every type and every use, theatrical and non-theatrical. The war demonstrated the value of them all. In all forms, lengths, and widths, the motion picture served as a means of communication, combining fiction and fact, entertainment and information, inspiration and education.

In jungle clearings, aboard packed troop ships, or in the requisitioned buildings of conquered Germany and Japan, uniformed audiences cared little whether they

were seeing a feature picture, a documentary or a short, so long as the content of the film interested them.

The general public has become accustomed to seeing documentary and fact films on the screens of local theaters. Exhibitors became accustomed to including them in their programs. Producers of documentaries came to recognize the necessity for making fact films so interesting and exciting that they would capture and hold the attention of the same theater audience which, as the war progressed, first tolerated, then accepted and finally applauded films of this sort.

In the years ahead we must accept the broadened role of the motion picture as a tribute to its multiple powers. We must meet the challenge to utilize films of various kinds, in various lengths and widths, for various audiences. We must do this without injustice to existing investments in production, distribution and exhibition, for we know that films made for theaters yield the bulk of the revenue which enables the industry to pioneer in these new fields. Hence progress in the production of theatrical motion pictures during the decade ahead is a primary requisite.

The members of this association are still primarily producers and distributors of theatrical entertainment. Some also are exhibitors. All have achieved success through willingness to pioneer. It is that pioneering spirit which moves us today to be seriously interested in the expanding uses of the motion picture. Films for theaters, films for schools, films for factories, films for churches, films for labor unions, films for community forums, films for public agencies—all these are within the area of our attention.

#### ADVANCES IN THE USE OF FILMS AS VISUAL AIDS

There has been much talk about motion pictures for the classroom. The need has been only partially met. The time has come to mobilize the resources and know-how of Hollywood and finish the job.

Some progress has been made during the last 25 years. Centuries ago the methods and content of teaching were revolutionized by technical advances in the art of bookmaking. Today technical progress in filmmaking indicates similar revolutionary possibilities. What has been done so far at best dimly foreshadows the accomplishments of the future.

From the outset, this association has actively interested itself in furthering the pedagogical use of motion pictures. Many years ago, Mr. Hays, speaking before a national meeting of educators, declared that it would be just as silly to use language exclusively for writing novels as it would be to use motion pictures exclusively for theatrical entertainment. Under his leadership, the association pursued a policy of inquiry and experimentation in the field of classroom films.

What has been achieved under that policy in the last 10 years is the foundation for the progressive steps now to be taken.

In 1936 the members of this association engaged in a cooperative project with the Commission on Human Relations of the Progressive Education Association. This called for experimentation with the use of selected excerpts from regular theatrical films dealing with character building and human relations problems. The film excerpts were prepared for school use by educational authorities.

A year later the association formed its own advisory committee on motion pictures in education. A grant of \$50,000 enabled the committee to search the archives of theatrical films no longer in circulation, for short subjects having a definite educational value for use in schools. Then in 1939 Teaching Film Custodians, Inc., was set up as a nonprofit cooperative agency for the purpose of distributing to the schools the short subjects which had been selected and edited.

During subsequent years the scope of Teaching Film Custodians has been broadened. It was empowered to distribute to schools excerpts from feature pictures which were based on classics of literature, biography, or history. The present work and future development of Teaching Film Custodians are discussed elsewhere in this report. To date its activities have been limited to distribution of film materials made for other purposes than those of the classroom.

Any effort to go beyond this limited service necessarily involves the actual production, as well as distribution, of films for classroom use. Some important steps in this direction have already been taken.

In 1943 member companies of this association contributed \$125,000 to the American Council on Education for a 5-year program of its commission on motion pictures in education. The commission undertook to survey the need for classroom films, and to outline screen treatments for needed films. At the present time more than 75 film treatments have passed severe critical scrutiny and have

been approved for their educational worth. Of these about 50 deal with the subject of global geography; 18 with the problems of freedom—political, religious, and economic; and nine or more with mathematical subject matter. To date, however, none of these film treatments has been turned into a shooting script or made into a picture.

On the recommendation of our own Subcommittee on Education we allocated \$50,000 of this year's research budget to the field of visual education. Within the current month arrangements have been completed for the use of this money to produce some experimental films, one on the circulation of the blood in mammals, another probably on some phase of global geography, and perhaps a third on some problem in ninth-grade mathematics.

These films are to be "experimental" in the sense that each is to be made in half a dozen different versions to test the effectiveness of various production techniques. The versions will differ with respect to the use of sound, music, diagrams, animation, and montages. Some versions may use commentators, either off or on stage. In some versions children may be pictured discussing with each other the problem or theme of the film.

At least one of these films is scheduled for completion by September. It will then be exhibited under controlled conditions in a number of schools with different versions of the film tested to see which produce best results under classroom conditions.

Concurrent with the making of these three experimental films, we now propose to use the know-how of our member companies to make a substantial number of films based on the most challenging of the 75 treatments already prepared by the commission on motion pictures in education. These films are to be models for classroom use, exemplifying the best production techniques available. They are also experimental in that they must prove their effectiveness in the classroom before going into general distribution. An educational survey has already determined the need for visual aids in the subjects with which these films will deal.

Conceived as a public service, these model films are to be made without any expectation of or desire for profit. But we shall try to see that production costs do not exceed a figure at which the production of equivalent films would be commercially possible, for our primary intention is to set practicable standards.

There are stumbling blocks in various fields of instruction—difficulties in exposition or understanding—which teachers believe films would help to remedy. For example, to understand the scientific facts about the circulation of the blood requires the student to picture a complicated course of motions. Unless the student has an extraordinary imagination, the actual perception of the circulatory motion is almost indispensable. There are, similarly, many problems in geology, astronomy, and physics in which moving pictures or animated diagrams can do what words and charts fail to do. All of us who have tried to grasp the process of atomic fission which underlies the explosion of the atomic bomb want screen animation of the diagrams we have seen on the printed page.

From mathematics and the physical sciences at one extreme to biology and the social sciences at the other, there is no subject in the whole curriculum of studies, at elementary, intermediate, or advanced levels which would not benefit pedagogically from the use of films integrated with other means and methods of teaching.

The educational use of films is by no means limited to classroom instruction. Motion pictures can and should be used as visual aids in every process in which knowledge and information are disseminated. The war taught us how valuable they are in the training of industrial and military skills, in adult education, and informing different groups of the population about the lives and activities of their fellowmen.

Thousands of 16-mm. projectors in war plants carried complete reports from far-flung battlefronts to workers eager to see how the tanks, planes, guns, and ships which rolled from the production lines stood up under combat conditions. Other thousands of 16-mm. projectors carried war information to schools, Red Cross chapters, and various civilian defense organizations. Still other thousands of 16-mm. projectors sent overseas by American war agencies told the story in a dozen different languages of the United Nations' efforts.

The experimental work we do in the production of instructional films for classroom use should facilitate the expansion of the educational usefulness of motion pictures in other fields. The urgent problems of our day, domestic and international, will not be solved unless education succeeds as it has never succeeded before. The effectiveness of education must be multiplied many times—to an



extent and at a rate which existing educational facilities and methods cannot manage. The educational promise of motion pictures has been demonstrated at the very moment in history when the social need challenges us to make good that promise with all speed. And we shall.

#### EXPANDING WORLD HORIZONS

Measured in travel time, the social space of the world is now much smaller than the Thirteen Colonies when they united to form this Republic. In terms of facilities and speed of communication, Canton, China, and Canton, Ohio, Paris, France, and Paris, Maine, have almost as much contact as neighboring villages. By all technological standards, the world is one community.

But world community depends on more than the physics of transport and communication. A community consists of men living together in mutual respect and understanding and working together for their common welfare. By this standard the world is yet far from one. The world could afford disunity when its peoples were isolated economically and separated by physical barriers. But precisely because the world is today physically and economically one, it must become socially and spiritually one or perish in an atomic explosion that will destroy civilization as we know it.

For this unity on which world peace depends, unifying political institutions, world-wide in scope, are needed. But they alone cannot do the job. In fact, they cannot even begin to operate until the peoples of the world are prepared to work together. The impulse to such action must come from trust and understanding, from a spirit of friendliness and fellowship.

There cannot be one world as long as there are any foreigners in it. The very meaning of the world "foreign" must disappear, and with it the plurality of discordant foreign policies by which the nations are divided. But the peoples of the world will cease to seem strange or foreign to one another only when they know each other as neighbors do. To bring them to such knowledge of one another is a mission which the motion picture is peculiarly fitted to perform.

It is the only art which all the peoples of the world today commonly enjoy. It is the only medium of communication in which all the peoples of the world can speak to one another in the universal language of pictures. Because the moving, talking images on the screen have all the immediacy and vitality of life itself, film spectators all over the world come into each other's presence and live together in the same reality. The community of film spectators is a symbol of the world community yet to come. Knowing each other through the film, the most widely diverse human groups begin to get the feeling of what it means to be residents of the same planet and members of the same race.

As I see it, the free interchange of ideas is even more important than the free interchange of goods. There must be no obstacles to the transit of media of communication. Men must have free access to the minds and hearts of one another even more than they must have free access to indispensable natural resources.

Free trade and free communication cannot be separated in the case of motion pictures. Unless the film productions of all nations can compete freely in the world market, this most potent of all media of communication will not flow freely in all directions. There may be as yet no satisfactory monetary medium for world trade in goods, but the motion picture does provide an adequate medium for world trade in ideas. Not to use it as such is to squander one of the best resources for world peace.

As practical businessmen, we shall want, of course, a fair share of the world's market. America has no artificial barriers against motion pictures from abroad. We gladly welcome free competition with the productive talents and skills of other nations. I believe that film production in other nations would also thrive on the same diet of free competition with American films.

A world market for American motion pictures spells the difference between profit and loss for the American industry. I am told that at least one-third of the negative cost of motion pictures produced in this country must be recovered from foreign revenue. Substantial reduction in this revenue will either restrict expenditures for production to the artistic detriment of the product or throw heavier burdens on American exhibitors and consumers.

The American motion picture seeks no subsidy or special privilege but only free access to foreign markets. Our Government's policy of free exchange of media of expression is, therefore, a powerful asset in the highly competitive situation which confronts the American industry. We expect this policy to be vigorously prose-



cuted and also implemented in numerous treaties and trade agreements to be negotiated with foreign countries. To this end, the international department of this association has prepared and transmitted to the State Department briefs showing the condition and needs of the American motion-picture industry in 21 foreign countries.

The close of the war has intensified our export problem in many ways, as shown by a subsequent section of this report summarizing this association's service to exporters. Restrictive measures in foreign countries have been motivated by national pride and the desire of local motion-picture industries to exclude or minimize the American competition, the scarcity of dollar exchange, and the realization that in the process of entertainment American motion pictures indirectly advertise American goods and services. Furthermore, we are now faced with strong competition not only from the reestablished and growing British industry, but from France, Russia, and other national film industries, some of them subsidized and all of them actively promoted by their respective governments.

The accumulation of 5 years of American film production which could not be shown in the Axis-controlled countries presents an important business problem in the immediate future. Even if there were no government restrictions upon the importation of American films into these reopened markets, any wholesale dumping of existing products would disastrously affect our own business. For this reason, and also to prevent restrictive measures by foreign governments, I think we would be wise to decide voluntarily to limit our exports to a reasonable number of pictures for such reopened markets. The formation of the Motion Picture Export Association was a necessary first step. Concerted action in the voluntary restriction of exports could be accomplished in no other way.

The average foreign country can absorb only a fraction of the total number of American features annually produced. This calls for a selective distribution of our export product. Intelligent selection in terms of entertainment value, artistic excellence, and social significance would enormously enhance the prestige of the American industry abroad. It would also eliminate most of the friction that now exists between our industry and local producers in countries such as Mexico and Argentina.

During the war, export censorship control required Government approval of the content of films sent abroad. The industry now has full responsibility for the content of pictures exported. For example, the industry declined a subsidy from the Government for the united news reel and willingly assumed complete financial and editorial responsibility for 10 foreign-language versions. These are being sent to countries where it is deemed important that American news be disseminated. In some of these countries commercial distribution is not feasible.

With complete responsibility goes the need for self-discipline. We must see to it that the films we export give no reasonable offense to the nationals of foreign countries. We must make certain that the American way of life is faithfully portrayed upon the world's screens.

I know from personal experience that in many countries the only America the people are acquainted with is the America of the motion picture. Their attitude toward America and toward the democratic ideals for which America stands is conditioned by the view we give them of ourselves. That view need only be honest and fair in order to be attractive. Democracy needs no apologists or whitewashing.

The most important advantage enjoyed by American motion pictures in the world market is the simple fact that people everywhere like them. Ordinarily they favor them over local productions, unless they are hindered by government regulations. This fact has been amply demonstrated by our experience with the films released by the OWI in the liberated European countries. Even our pre-war films, which had been hidden during German occupation, are now crowding the theaters in countries where, on account of government restrictions, newer American films are not yet available.

Obviously, the industry must compete vigorously in existing markets. But many of these markets are static. In contrast, there are dynamic markets in those areas of the world which are in process of rapid industrialization and economic expansion. I am thinking of such countries as Egypt, the oil lands of the Near East, the industrialized areas of India, China, and certain parts of Latin America. These should be of increasing concern to us, if we wish to expand the volume of our export trade.

Beyond this, there are vast areas of the world in which the standard of living is still too low to permit substantial expenditures beyond the needs of subsistence. We must adapt ourselves to such situations, using 16-mm. film and equipment in

order to cut costs and bring motion pictures within the economic reach of the teeming millions in these areas.

In the rural hinterland of relatively undeveloped countries, illiteracy complicates the language problem. Here we must experiment with dubbed dialogue instead of the customary superimposed titles. Films with superimposed titles are usually preferred by the more educated people in the cities, but where a substantial percentage of the population is illiterate, what is needed is the sound of a language they understand.

It is through such adaptations that the motion picture educates and elevates while it entertains. To the degree that our producers are able to deal simply with the basic facts of life, they will help to establish a common denominator of economic standards, human values, and audience appreciation. The motion picture can truly become the primary medium through which peoples speak to peoples only when its fundamental content has universality.

#### PROGRESS IN RESEARCH

This industry has long been in need of a research program carried out cooperatively for the benefit of the entire industry. For the first time the association's financial program for the coming year contains a substantial sum for research.

Of the two fields of research—technological and statistical—it is only in technology that the industry has supported research activities. But even here research has been done under the private initiative of specialized groups. The great lesson we have learned from the outstanding successes of research in medicine and atomic physics is the value of coordinating many different lines of investigation. This Association is the natural agency to coordinate all the efforts of technological research in specialized fields.

The producers, distributors, and exhibitors of motion pictures have been the beneficiaries of a vast amount of technological research conducted chiefly by individual organizations not related to the business of making, selling, or exhibiting films. To this extent we have reaped where we have not sown. We owe a debt of gratitude to Edison and other scientists in the field of electronics, to George Eastman and other manufacturers of film and camera equipment, to the sound and projection engineers, to the technicians in light and color photography.

Our own Hollywood studios have performed researches in specialized fields, leading to scores of new processes and inventions. This work has been fostered by such industry organizations as the Society of Motion Picture Engineers and the Academy of Motion Picture Arts and Sciences.

We should encourage these efforts. We should aid the expansion and intensification of all such research activities. But the Association's most important function is to coordinate all forms of technological research.

Turning now from technological to statistical research, we find a quite different situation. The motion-picture industry probably knows less about itself than any other major industry in the United States. The industry has grown so fast that it hardly has had time to measure its own growth. Consequently, it possesses today only a smattering of information about its own operations.

Much of the statistical data published about this industry is based on hearsay, personal opinion, the casual impressions of persons unfamiliar with the business, or the natural exuberance of born promoters. Time and again the industry is faced with facts and figures from hostile sources in legislative and tax arguments, in public controversies, and in critical descriptions of our business methods and policies. These often appear to us to be wildly inaccurate. Yet we have difficulty in refuting or correcting such distorted data because adequate verified statistical information is unavailable. This deficiency has been the object of well-founded criticism by adherents of sound business practice.

What, for example, are the definitive answers to the following questions:

How many people (on the average) attend motion picture theaters weekly in the United States? In the world?

How many theaters are there in the United States? Location? Open? Closed? Seating capacity? Admissions? Double feature? Single feature?

What is the relationship between cost of films and their drawing power? How effective is motion-picture advertising? What are the most effective appeals? The most effective media?

What is the average admission price charged? How does this compare with years when lower Federal taxes were in effect? What is the trend?

How many families in the United States derive their support from the motion-picture industry?

This list of elementary, yet crucial, questions could be extended indefinitely. We have hardly a single answer which has statistical accuracy and scientific precision.

In view of this situation we should certainly refrain from giving to the public estimates which are only "guesstimates." Any statement containing quantitative data expressed numerically should be checked for its accuracy, and if we lack the facts to verify the figures, we should omit the figures.

It is a satisfaction to report that the association has taken steps to improve the situation. Our statistical research program should, first, attempt to correct the probable misinformation already existing in the public domain. The currency of such misinformation may be more damaging than no information at all.

The industry has a responsibility to the public for the dissemination of factual information on motion pictures and industry operations. Only in this way can public opinion be reliably informed about our business. If we expect the public and the press to know us as we really are, we must supply them with reliable information about ourselves.

We should also engage in research projects designed to furnish the industry with scientific data as a basis for the formation of policies. And we should undertake special studies concerning the value of the motion picture not only as a medium of entertainment, but in all its other important functions. The results we obtain may enlighten the public—and, perhaps, even the industry itself.

There is, finally, the whole field of consumer or audience research. Here a beginning has been made through studies of some local communities and audience reaction to individual pictures. Comprehensive, Nation-wide statistical surveys remain to be done.

Why do some people go to the movies, and why do others stay away? What sort of people are in each group? What is the attitude of the average person toward motion pictures in general? Toward certain types of pictures? Toward the people who appear in them or who run the business? What existing exhibition practices encourage or discourage moviegoers?

All of these questions have an answer. An answer that is dependable can be reached by scientific methods now available.

Dependable answers to these questions can have a strategic importance within the next 10 years. Today the theaters are packed. This would seem to be the opportune time to initiate such studies. What we learn from them now may mean economic health for the industry when the struggle is to fill seats rather than to find them.

This entire program of statistical research is not worth conducting unless it is carried out with the conviction that the truth—no matter what it is—best serves the long-run interests of the industry. The findings may not always be pleasing. But unless they are faced, sound correctives cannot be applied. The integrity and intelligence of our statistical analysts must be of such a character that confidence can be placed in their ability to distinguish between facts which may be made available to the public through appropriate association channels and those which must be regarded as private operating data. Our aim in the field of statistical research can be accomplished only with the full cooperation of all parties, and only if it is unhampered by preconceptions or unjustified fears.

#### NEW CHAPTER IN LABOR RELATIONS

We honor the distinctive role of motion pictures in our society by calling them the art of democracy. No other art has ever entertained so vast an audience or served to establish so wide a community of enjoyment. I wish we could similarly honor the industry which has developed this art form by calling it the industry of democracy.

No sooner had I accepted the presidency of this association, however, than I found myself confronting a situation in Hollywood which seemed to me the very antithesis of industrial good order. A jurisdictional strike was then in its 28th week. Another 15 weeks elapsed before the unions involved were able to achieve a working agreement between themselves which allowed the studios to function with even a fair degree of efficiency. Even now, there is a residue of uncertainty and disharmony.

That the motion picture industry is the child of free enterprise will not be questioned. It has certainly been the beneficiary of the ways of a free economy. Now it should become the benefactor, in fact, a leader in the movement toward industrial democracy.



The future of the American economy depends upon the establishment of economic democracy. Without this, neither political democracy nor the capitalist economy can long survive. They certainly cannot flourish.

The meaning of industrial or economic democracy can be derived from our understanding of democracy in the political field. A politically democratic society is one in which all men have a voice in their own government, actively participate in public affairs, and feel that they have a share with their fellow citizens in the common good for which they strive. In a democracy there are no political pariahs. All inequalities are based on differences in talent and function, not on special or arbitrary distinctions of privilege. The President of the United States has no rights other than those which belong to him as a citizen. The least citizen has the same rights and an equal share in the benefits of American life.

If the capitalist economy is to become truly democratic every man must have a stake in capitalism just as every citizen shares in the political common good. Industry must be democratically organized. This does not mean a false concept of equality which abolishes all distinctions of rank and function. It does mean that workers at all levels of the industrial hierarchy must have a voice in the government of their industry and must accept commensurate responsibilities.

The opposition of management and labor in America today is the consequence of their undemocratic separation. So long as people continue to think in terms of a sharp separation, in both interests and functions, of labor and management, no genuine reconciliation is possible. We must abolish the need for harmonizing discordant elements in industry by mending the breach between them which makes them discordant.

The debt the motion-picture industry owes to American democracy and the American economy is too obvious to mention. It should be repaid by setting the example of a responsible and enlightened leadership in industry. Such leadership must even be willing to sacrifice short-range advantages for long-range benefits to the public and, therefore, ultimately to itself.

Now that we have passed the emergency, precipitated by last year's jurisdictional strike in Hollywood, we must begin to develop a long-range labor-relations program. Our industrial organization should be totally reoriented on a new plane based upon cooperation between all its working factors. First of all we must rectify any glaring mistakes and abuses which have prevailed. Then we must develop a system of handling disputes which utilizes conference, mediation, and arbitration. The high level of intelligence which obtains in the Hollywood guilds and crafts is a favorable factor. Other favorable factors are the high wage level and the unusually attractive working conditions. If we cannot formulate a practicable program for cooperative employer-employee relations in Hollywood, then who can?

The range of employment extends from stars to extras. In between these two types, which are paid respectively by the picture and by the day, are contract players already compensated on an annual basis, and members of the crafts and guilds, most of whom work with considerable regularity. The time has come to study means and methods of securing continuity of employment. Unquestionably much of labor's unrest comes from a feeling of job insecurity. The higher wages which this industry pays over wage rates to comparable skills in the Los Angeles area is merely an attempt to give financial remuneration for job insecurity. I realize full well the inherent causes of intermittent employment in this industry. Nevertheless, we must go on exploring means and methods to secure the maximum job continuity.

We speak of the motion picture as an art industry. We take pride in its being the democratic art. That is only half the story. Let us complete it by making this industry industrially democratic.

#### INCREASED RESPECT FOR INDUSTRY SELF-DISCIPLINE

When I became president of this association I affirmed the industry's well-established program of self-regulation as the surest guaranty against all forms of externally imposed censorship. The three voluntarily adopted codes, governing film content, titles, and advertising, represent an enlightened policy of self-discipline. This policy rests on the solid foundation of respect for common principles of morality and decency.

As I see it, no liberty is lost in this process. True freedom is always liberty under law. Its proper exercise is never incompatible with moral principles. Those who want a lawless freedom, a freedom to do whatever they please regard-

less of the precepts of virtue and the welfare of the community, confuse the privileges of liberty with the indulgences of license.

I recognize that it has become fashionable in certain quarters to question moral values, to deride traditional virtues, to rationalize brutality, to make excuses for moral indignity. Speaking against this tendency, I pointed out, in an address delivered to the Writers War Board 9 months before I became president of this association, that humanity's rules of morality and fair dealing do not consist of "arbitrary laws imposed upon us from without. They are the product of thousands of years of human experience—the quintessence of the wisdom of the ages. To violate these codes brings disaster as surely as the violation of the physical laws of nature brings disease and death."

The industry's established policy faces another source of misunderstanding and criticism. Some who do not question the validity of moral principles do challenge censorship as a means for maintaining moral standards. I agree with them that censorship is a bad means to a good end. But if they, in turn, agree that the end is good—that freedom of expression must serve the public welfare, not violate it—then they must recognize the need for some other means to secure the common good. The only alternative to external regulation in matters of morality is self-regulation, just as the only alternative to coercion is voluntary compliance.

I do not see how anyone can escape the force of this reasoning. If there are natural moral rules which direct the conduct of human life and society for its good, they deserve obedience from all reasonable men. Those who are not reasonable enough to obey the voluntary dictates of their own conscience must be compelled to obey by the external, coercive force of law. There are no other alternatives. So in the case of motion pictures, if the soundness of their moral content seriously affect the lives of children and adults, and thus the welfare of the whole community, then the problem of the moral integrity of films is optional only with respect to the means for maintaining it. External censorship or self-discipline. We are obliged to choose between them.

So far as I know, only one other alternative has ever been proposed. It was first advanced by John Milton in his famous essay on the freedom of the press, and has been revived recently in a discussion of motion-picture censorship. The proposal is that works of art which offend public taste or violate morality should be subject to restrictive action only after they have been produced and given to the public. This is not a genuine alternative—less so in the case of motion pictures than in the field of printed matter. To prevent great financial losses the motion-picture industry would still find it necessary to regulate the moral content of films in the process of production rather than risk the removal of films from the screen or their artistic mutilation after their exhibition had brought adverse official action.

Self-discipline as a part of the production process is exactly the opposite of censorship imposed after production has been completed or after a work of art has been exhibited. The artist who voluntarily complies with certain dictates of morality and decency does not surrender his artistic integrity. He has shaped the work of art entirely himself, even though his workmanship was guided by moral as well as by artistic principles. This is nonetheless true when several film makers, comprising an association such as ours, establish a joint supervision of their own work. The production code administration is just that.

External censorship works in the opposite fashion. It violates the integrity of art. It treats the artist as if he were incompetent to judge his own work on any except artistic standards. It takes the finished work of art from his hands and then tampers with it.

I realize that the motion-picture industry, from long experience, has learned the wisdom of self-regulation. Trying to solve the problem of how the vast power of the motion picture shall be used for good rather than evil, the industry has chosen the way of liberty rather than the way of compulsion. It has also chosen that method of combining the dictates of morality with the techniques of art which neither violates the artistry nor compromises the morality. In fact, the process of self-discipline with regard to moral content has plainly resulted in raising the artistic level of our productions year after year.

There is no need then to confirm the industry in its fundamental conviction concerning self-regulation. But this does not mean that the various codes under which self-regulation operates are free from criticism. On the contrary, they are continually questioned or attacked both from within the industry and from without. Individual producers are often irked by adverse decisions under the codes. They would not be human if they weren't. And we know that the pro-

duction code as a whole is made fun of whenever some movie critic thinks he has ground for complaint against a particular ruling of the code's administrators.

These are the most persistent criticisms but they are also the most easily answered. They arise from a fundamental failure to distinguish between general principles and their application to cases. This is a common error which men make in their reaction to any body of laws and their administration. It is not peculiar to attacks on the motion-picture production code.

General rules do not by themselves decide particular cases. Human beings are required to interpret the rules and to apply them to the ever-differing facts of particular cases. Because of the difficulty of the case or because of human fallibility, even the best rule is sometimes misapplied. It is therefore no reflection on the validity of the production code, or the soundness of its principles and rules, to complain about the unsoundness of an official ruling in a particular case. The ruling may be wrong, but, even if it is, the rule which was misapplied still remains a good rule to apply well the next time.

If this erroneous thinking were corrected, the greater part of the attacks on the production code would never occur. Baseball fans do not raise a cry against the rules of the game even when they are howling at the top of their lungs against the ruling of an umpire on a particular play. Perhaps the critics of our codes of self-regulation—whether they are sitting in the bleachers or are in the game itself—can also learn to question a particular decision under the code without unjustifiably exaggerating that criticism into an attack on the code itself.

Perhaps also our critics can learn to be tolerant of a certain proportion of mistakes. Until the baseball umpire is able to call all the plays to the satisfaction of everyone on the teams and in the stands, let no one expect the administrators of our codes to be infallible. Until that day arrives, we must proceed to apply the codes with a normal amount of error, meanwhile maintaining our allegiance to the principles of self-regulation.

If these principles are wrong, let us give them up. If the codes are unsound, let us modify them or amend them. But if in principle, precept, and practice they still command our support—and they do—then let us pledge anew our loyalty to the principles and be faithful in their execution.

ERIC JOHNSTON, *President.*

## II. THE ASSOCIATION IN THE SERVICE OF THE INDUSTRY

The officers and staff of the Motion Picture Association are enlisted in the industry's service. No department limits its activities to members only. The public relations of the motion-picture industry must be increasingly the concern of all its component parts. Departmental activities of the association described here affect, directly or indirectly, every person in the industry.

Sixty-eight domestic and foreign motion-picture producers and all 11 national motion-picture distributors used the facilities of the production and advertising code administrations and the title registration bureau during 1945. Books, plays, and scripts were read, completed films reviewed, titles checked and cleared, and advertising campaigns examined with equal impartiality for members and non-members. Negotiations with foreign governments over restrictions on imports, blocked funds and taxation invariably took into account the equities of non-members.

The association in serving the whole industry, likewise serves the public. Elimination of a film fire hazard is to everyone's advantage. Elimination of objectionable material from a script, a finished film, or a newspaper advertisement is also mutually helpful to producer, distributor, exhibitor, and the public.

Enlistment of community service groups in support of the finest pictures has enabled producers to draw more confidently upon literature, history, and biography for subjects and convinced exhibitors of strong public support. Standards of motion picture appreciation have risen and use of films as visual aids has grown.

War's end in 1945 not only completed another chapter in motion-picture history but marked the end also of a 24-year regime during which Will H. Hays gave devoted leadership to this association as its president. In this section of the report on department activities, important facts and figures have been assembled for past years, which register progress achieved and provide base lines from which further advances may be charted.

E. J.



## SERVICES OF PRODUCTION CODE ADMINISTRATION

No less than 68 domestic and foreign producers utilized the services of this department in 1945. Opinions as to the suitability under the code of story material and completed pictures, are rendered on identically the same basis to members and nonmembers of the association. Within the past 3 years one new producing corporation after another has been organized by groups of actors, writers, directors, agents, and producers. Without notable exception these groups have sought advisory opinions from the PCA before and during production and have submitted finished pictures for code certificates.

The voluntary nature of such action is highlighted by the fact that 4 of the 11 national distributors of motion pictures in the United States were not members of the association at year end, hence were under no obligation to restrict themselves to distribute only approved films. Also the joint obligation previously resting upon members of the association not to show unapproved films in theaters owned or controlled by them, was removed 4 years ago. The production code has now proved itself on its merits. Finer pictures with higher moral standards, with increased entertainment appeal and genuine social significance, are being made.

Exhibit 1 shows a total of 5,807 new features approved during the past 11 years—an average of 528 new feature productions per year. Last year's total of 389 substantially below this average, is accounted for by wartime dislocations, shortages of raw stock, and the absence of many popular stars, experienced producers and technicians who were in uniform.

Short subjects approved in 1945 numbered 521, as compared with 567 the previous year and 846 in 1935. The annual production of shorts fell off in 1943 when releases by the War Activities Committee for the armed services, civilian war agencies, and national charities sharply reduced available commercial playing time.

No feature picture or short subject produced in 1945 and submitted to the PCA failed to receive the association's certificate. Forty-three features, rejected on first review, were later approved after changes. There were two appeals to the board of directors, which sustained the PCA, resolved the disputes, and issued seals.

EXHIBIT 1.—*Feature-length pictures and short subjects (including serials) approved by the production code administration, 1935-45*<sup>1</sup>

	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	Total
Feature-length films:												
Domestic production:												
Member companies.....	334	337	339	322	366	325	406	369	256	284	230	3,568
Nonmember companies.....	169	229	228	169	161	154	140	147	141	146	128	1,812
Foreign production:												
Member companies.....	9	} 2 55	{ -----	5	} 2 57	{ 4	5	12	10	6	14	} 427
Nonmember companies.....	52			41			49	40	17	18	10	
Total new features.....	564	621	608	545	584	523	568	546	417	442	389	5,807
Reissues.....	338	142	55	49	12	7	4	2	-----	-----	1	610
Total all features.....	902	763	663	594	596	530	572	548	417	442	390	6,417
Shorts, including serials:												
United States member companies.....	564	607	477	683	494	477	641	616	440	514	466	5,979
United States non-member companies.....	282	223	318	150	215	227	70	66	-----	51	55	1,657
Foreign companies.....	-----	1	4	-----	6	3	10	1	9	2	-----	36
Total shorts.....	846	831	799	833	715	707	721	683	449	567	521	7,672
Total films approved.....	1,748	1,594	1,462	1,427	1,311	1,237	1,293	1,231	866	1,009	911	14,089
Total films rejected.....	14	3	9	4	2	2	2	3	1	-----	-----	2 40

<sup>1</sup> Comparable data unavailable prior to 1935.

<sup>2</sup> Break-down unavailable.

<sup>3</sup> Of the 40 films rejected (all feature-length) during the period 1935-45, 13 were subsequently reedited, re-reviewed, and finally approved. The remaining 27 films have never been approved in any form.

The advisory services of the PCA enable producers to avoid mutilation of completed films by political censor boards. When scripts are submitted, probable censor cuts are pointed out. Usually another way can be found—often suggested by the PCA—to accomplish the desired dramatic or artistic effect without risking such damaging deletions later. The 1945 record in New York illustrates the practical value of such advice. Eight hundred and thirty-one features and shorts bearing the association's seal were submitted; 815 were approved without a single deletion.

American producers also are paying most careful attention to PCA advice against use of language, costume, lyrics, and stage business likely to prove objectionable to any substantial segment of the world audience. British producers, in turn, have commenced submitting scripts to the PCA on films destined for ultimate release in the United States, thus enabling the association to give them the same continuous service provided domestic producers from first story treatment to final review of finished film.

EXHIBIT 2.—*Services of production code administration prior to review of completed features and short subjects, 1935-45*

Year	Number of books, stage plays, synopses, and scripts (including changes) analyzed and considered	Number of consultations	Number of letters and opinions	Year	Number of books, stage plays, synopses, and scripts (including changes) analyzed and considered	Number of consultations	Number of letters and opinions
1935.....	1,366	1,833	5,358	1941.....	3,403	1,650	4,300
1936.....	1,407	1,418	6,268	1942.....	2,739	1,141	3,423
1937.....	2,963	1,478	6,477	1943.....	2,694	1,147	3,306
1938.....	3,423	1,491	5,922	1944.....	2,964	1,165	3,739
1939.....	3,444	1,509	5,184	1945.....	3,239	1,122	3,420
1940.....	3,056	1,453	4,705				

<sup>1</sup> Since 1942, "consultations" have been tabulated only when later reduced to writing for permanent record. Prior thereto all phone calls and conversations about code matters were included.

It thus appears from exhibit 2 that 52,105 written opinions were rendered by producers of motion pictures by the PCA during the past 11 years.

A substantial percentage of the 3,420 opinions rendered in 1945 dealt with novels and other literary material containing important elements basically objectionable under the code. Of 581 new feature scripts and treatments submitted to the PCA, 47 initially rejected were revised, resubmitted and eventually approved. Another 59 books, plays, treatments and scripts were rejected in toto while 23 other books, plays, treatments, and scripts were rejected in part with none of these resubmitted prior to December 31, 1945. Much of this material in revised form will doubtless require the attention of the PCA in 1946.

These figures indicate the vigilance required to counteract the prevailing moral laxity of wartime. It is also obvious that a substantial number of widely read novels fail to measure up to the standards of morality and good taste to which the organized motion picture industry adheres. There was a time when announcement that a feature picture was to be based upon a salacious novel or stage play aroused a storm of public indignation. Today it is taken for granted that the industry's machinery of self-discipline will function effectively and that basically objectionable elements in such published works will be eliminated in the transfer to the screen for exhibition to mixed audiences of all ages. This current attitude attests the public confidence in the industry's self-regulation.

Exhibit 3 indicates sources of feature picture material during the 11-year period for which accurate statistics are available. Original screen stories supplied 63.6 percent of the total. There were 398 stage plays transferred to the screen (7 percent of total) while 976 novels formed the basis for 17.2 percent of all feature productions. Fifty-nine biographies accounted for 1 percent of the total. Short stories, 393 in number (6.9 percent of total), were the basis for feature-length films. Only 10 short stories, however, were transferred to the screen in 1945 as compared with 82 in 1941 and 59 in 1939.

Of the 5,807 new features approved by the PCA during the 11-year period, 5,443 were based upon original screen stories, stage plays, novels, biographies and short stories, with another 364 feature films originating from unknown or miscellaneous sources.

EXHIBIT 3.—*Source material of feature-length pictures approved by production code administration, 1935-45*<sup>1</sup>

Year	Original screen stories		Stage plays		Novels		Biographies		Short stories		Source unknown		Miscellaneous <sup>2</sup>	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
1935 <sup>3</sup>	244	47.0	41	7.9	142	27.4	3	0.6	37	7.1	28	5.4	24	4.6
1936 <sup>3</sup>	371	67.8	38	7.0	92	16.8	2	.4	39	7.1	-----	-----	5	.9
1937	391	64.3	39	6.4	102	16.8	12	2.0	46	7.6	11	1.8	7	1.1
1938	316	58.0	30	5.5	140	25.7	2	.4	54	9.9	-----	-----	3	.5
1939	329	56.3	34	5.8	127	21.8	17	2.9	59	10.1	10	1.7	8	1.4
1940	323	61.8	51	9.8	109	20.8	8	1.5	21	4.0	-----	-----	11	2.1
1941	358	63.0	57	10.0	58	10.2	4	.7	82	14.5	5	.9	4	.7
1942	401	73.4	31	5.7	57	10.4	7	1.3	29	5.3	8	1.5	13	2.4
1943	312	74.8	23	5.5	42	10.0	2	.5	6	1.4	16	3.9	16	3.9
1944	321	72.6	28	6.3	48	10.9	2	.5	10	2.3	9	2.0	24	5.4
1945	251	64.5	26	6.7	59	15.2	-----	-----	10	2.6	2	.5	41	10.5
1935-45	3,617	63.6	398	7.0	976	17.2	59	1.0	393	6.9	89	1.6	156	2.7

<sup>1</sup> Does not include pictures reissued.

<sup>2</sup> Including such sources as comic strips, radio programs, nonfiction, travelogues, poems, etc.

<sup>3</sup> Data for this year includes pictures approved in Hollywood office only.

#### SERVICES OF ADVERTISING CODE ADMINISTRATION

A million one hundred and sixty thousand still photographs and more than half a million advertisements, posters, and other pieces of promotional material, including miscellaneous displays, publicity stories, exploitation items, and screen trailers, have been serviced by the advertising code administration during the 12 years of its operation. Tabulation of various items in exhibit 4 shows 134,897 advertisements submitted, of which 3,848 had to be rejected or revised; 20,449 posters submitted with 470 rejected or revised; 155,869 publicity stories, of which only 119 had to be changed; 8,879 trailers screened, of which 65 were rejected or changed, and 5,371 press books examined with changes in 20.

On a percentage basis the rejections or requested changes involved less than 1 percent of the enormous total of material submitted. Most items originally rejected were later revised and approved.

Closer cooperation from nonmember companies, plus other contributing factors, resulted in a very considerable increase in the number of items (other than stills) submitted in 1945. Advertisements, posters, publicity stories, and exploitation ideas serviced by the New York office all showed major increases.

Stills submitted to the Hollywood office decreased by almost 10,000, in line with the decrease in new picture production. War restrictions on material also contributed to this decrease. With photographic material so scarce, the studios showed an increased tendency to consult with the Hollywood administrator about code requirements before shooting any doubtful subjects.

There was a slight increase in the percentage of rejections or revisions in items other than stills. These involved a comparatively small number of pictures, most of them farces or crime stories. Ten troublesome pictures (2½ percent of the total) accounted for 33 percent of all rejections or revisions in ads, posters, and accessories.

All companies gave uniformly good cooperation in making revisions necessary to meet the requirements of the code. As a result there were no serious public protests during the year over any motion-picture advertising or displays. The moral content of film advertising continues to meet the requirements of the code.



EXHIBIT 4.—*Motion-picture advertising and publicity materials serviced by advertising code administration, 1934-45*

Year	Still photographs		Advertisements		Posters		Publicity stories	
	Submitted	Rejected or revised	Sub- mitted	Rejected or revised	Sub- mitted	Rejected or revised	Sub- mitted	Rejected or revised
1934.....	39,230	836	12,060	357	2,016	31	15,400	35
1935.....	103,310	927	12,450	351	2,044	62	15,600	15
1936.....	108,718	762	16,196	353	1,576	29	15,323	6
1937.....	129,456	824	10,240	397	1,647	16	15,547	6
1938.....	103,357	361	9,830	222	1,937	12	15,044	5
1939.....	109,083	845	12,386	198	2,013	32	15,709	3
1940.....	98,333	1,217	11,256	324	1,759	39	10,646	—
1941.....	121,584	2,350	11,143	472	1,615	37	9,844	3
1942.....	98,335	1,308	10,069	313	1,555	35	9,589	1
1943.....	84,386	668	9,243	253	1,458	49	8,487	4
1944.....	87,059	700	9,410	231	1,285	56	8,127	1
1945.....	77,189	487	10,584	377	1,544	72	16,553	40
Total.....	1,160,040	11,285	134,897	3,848	20,449	470	155,869	119
Percentage of rejections or revisions 1934-45.....	0.97		2.85		2.30		0.08	

  

Year	Exploitation ideas		Miscellaneous access- ories <sup>1</sup>		Trailers <sup>2</sup>		Press books <sup>3</sup>	
	Sub- mitted	Rejected or revised	Sub- mitted	Rejected or revised	Sub- mitted	Rejected or revised	Sub- mitted	Rejected or revised
1934.....	11,600	35	10,320	7	331	4	403	—
1935.....	12,100	17	11,100	53	867	3	401	15
1936.....	8,007	9	6,128	82	873	6	415	—
1937.....	8,365	6	6,391	22	903	5	438	—
1938.....	9,388	3	6,252	11	747	3	434	—
1939.....	10,554	5	6,960	15	981	9	509	—
1940.....	9,011	11	4,796	16	1,027	9	490	—
1941.....	9,641	21	4,915	18	1,129	3	539	—
1942.....	7,188	11	4,999	8	918	10	508	2
1943.....	6,377	8	5,562	3	405	5	436	—
1944.....	6,158	4	5,380	4	320	2	397	—
1945.....	6,887	21	4,644	26	378	6	401	3
Total.....	105,276	151	77,447	265	8,879	65	5,371	20
Percentage of rejections or revisions, 1934-45.....	0.14		0.34		0.73		0.37	

<sup>1</sup> Including lobby display cards, window cards, heralds, throw-aways, etc.<sup>2</sup> Previews of coming attractions averaging 150 to 175 feet, with a running time of less than 2 minutes.<sup>3</sup> Complete advertising and promotional campaigns on individual pictures for theater use.

## TITLE REGISTRATION SERVICE

This service, available both for members and nonmembers of the Association, has for its major objectives (1) protection of valuable rights in motion-picture titles, (2) establishment of priorities and other usage rights, (3) avoidance of harmful similarities and the expense and delays of litigation to adjudicate conflicting claims, and (4) approval of titles on the basis of moral suitability and the accepted standards of good taste.

Each of the 30 motion-picture companies utilizing this service receives a daily report of all registrations. Each signatory to the basic agreements covering title registration and use is obligated not to use any registered title until prior registration is terminated or the title is otherwise released for use. As pictures are produced and released, titles are taken off "priority registration" and placed on the release index which, on December 31, 1945, contained 40,990 titles of previously released features and short subjects.

Interesting illustrations of this service merit description:

1. *Priority registration.*—Within an hour after King Edward VIII's abdication speech in which he used the phrase "the woman I love," several telegrams were dispatched 2 or 3 minutes apart addressed to the association's title bureau applying

for priority registration of this phrase as a motion picture-title. Western Union's filing time on each message determined the order of priority under which this title was registered for rival claimants.

2. *Title similarity.*—The list of 350 titles on file at year end containing the word "man" far surpassed in scope the well-know jingle "Rich Man, Poor Man, Beggar Man, Thief," for in addition to these well-known members of society there are registrations for Primitive Man, Caveman, Brute Man, Superman, Wonder Man, Ladies' Man, Anchor Man, Hired Man, Confidence Man, Average Man, Missing Man, Butter and Egg Man, Better Man, Wing Man, Nobody's Man, Cinderella Man, Top Man, Thirteenth Man, Invisible Man, Bad Man, Melody Man and The Thin Man.

The same card index lists The Man Who Came to Dinner, Man About Town, Edison the Man, My Man Godfrey, The Man in the Iron Mask, and The Man Without a Country.

Gentlemen in trouble included: The Man in the Trunk, The Man in Her Eye, The Man Between, Woman Chases Man, and You Man, You. It is not clear from the record which one of these received the admonition Go West, Young Man (also registered), nor to which was addressed the query Little Man, What Now? Most appropriately, this title file ends with The Last Man on Earth. This partial list of titles in one category illustrates the problem of title similarity which each year grows more difficult.

Recent arbitrations included an award to the owner of a copyrighted work titled "The American Way" as against an applicant who offered for registration the original title, "An American Story"; an award to the owner of a copyrighted work titled "No Surrender" as against an applicant for registration of a title adjudged to be harmfully similar—Never Surrender. Arbitrators found no harmful similarity between such titles as Casablanca and Adventures in Casablanca; Casanova Brown and Cluny Brown; The Pirate and The Princess and the Pirate.

3. *Moral suitability.*—Thirty titles were rejected during 1945 for failure to meet standards of good taste and moral suitability prescribed by the industry's voluntarily adopted codes. Examples of rejected titles include Killing Is Convenient, The Hell You Say, Ten Little Niggers, and Guilty Love.

A statistical summary of the bureau's activities follows:

	1938	1939	1940	1941	1942	1943	1944	1945
New titles registered.....	4, 450	3, 312	3, 214	3, 587	4, 219	2, 770	2, 645	2, 650
Titles transferred to release index....	(2)	1, 213	1, 016	1, 076	2, 020	806	806	874
Titles morally unsuitable.....	(3)	53	39	40	53	31	31	30
Titles accepted from nonmembers as suitable.....	1 300	250	326	312	300	304	302	310
Title arbitrations.....	3	1	6	3	4	4	5	5
Departmental letters written.....	(3)	(3)	2, 115	2, 021	3, 068	1, 443	1, 013	901

<sup>1</sup> Estimated.

<sup>2</sup> No record. When release index was first established in 1937 it contained approximately 32,000 titles of features and short subjects.

<sup>3</sup> No record.

#### CONSERVATION SERVICE

Some 384 film exchanges in the United States receive, store, inspect, and ship 20,700 miles of nitrocellulose film each day or 6,210,000 miles of this inflammable material in the 300 working days of 1 year. During the 20-year period ending December 31, 1945, there were only 16 film fires in member-operated exchanges with annual losses averaging only \$242. Here is the 20-year record:

Year	Number fires	Amount loss	Year	Number fires	Amount loss
1926.....	1	\$3, 000	1936.....	None	-----
1927.....	None	-----	1937.....	1	\$10
1928.....	1	25	1938.....	None	-----
1929.....	1	1, 200	1939.....	2	45
1930.....	1	15	1940.....	None	-----
1931.....	None	-----	1941.....	1	212
1932.....	3	41	1942.....	None	-----
1933.....	None	-----	1943.....	None	-----
1934.....	1	148	1944.....	None	-----
1935.....	2	8	1945.....	2	150

The motion-picture industry's primacy in the field of fire prevention and public safety results from (1) full acceptance of its onerous responsibilities to its employees and the public; (2) development and use of tested equipment for storing, packaging, shipping, and projecting inflammable film; (3) frequent inspection of exchanges and equipment; (4) rigorous and continuous training in safety and fire prevention for constantly changing exchange personnel; (5) vigilant, detailed attention to the carrying out of a comprehensive conservation program; (6) close cooperation with public authorities and private expert groups in the field of fire prevention.

Rotating committees of local branch managers in each distribution point where film exchanges are located, inspect all exchanges monthly—often accompanied by officials of local fire departments. Each inspection includes a fire drill conducted by the committee. Approximately 4,500 inspection reports were examined and recorded during 1945 by the Director of Conservation.

During the past year, this department head and his associate themselves made 684 inspections of film exchanges—456 of member operated exchanges; 228 operated by nonmembers of the association. Every exchange center was visited at least once, 21 cities at least twice, and some points 4 times. These inspections included check of emergency exits, fire-extinguishing apparatus, automatic sprinkler systems, vault ventilators, fire doors, electrical wiring, fire alarms, and general housekeeping conditions. Since heavy personnel turn-over from year to year necessitates continuous training programs in safety practices, talks were given to exchange employees and printed instructions posted for preventing fires and protecting personnel.

Fire prevention measures in motion-picture theaters continue also to receive vigilant attention. Return of experienced projectionists from duty with the armed forces, repair or replacement of worn projection equipment, relief from raw stock shortages, and more adequately staffed theaters will combine to reduce war-imposed fire hazards. The association continues its cooperative work with local exhibitors and local fire prevention authorities in connection with municipal ordinances pertaining to safety of theaters. The head of the department is in constant touch with fire insurance companies, the National Fire Protection Association, the National Board of Fire Underwriters, the National Fire Waste Council, United States Bureau of Explosives, National Film Carriers, and the United States and Canadian fire marshals associations.

Finally, the association also surveys nontheatrical institutions which are exhibiting 35-mm. nitrocellulose film so that the various distributing companies may have a record of (a) type of equipment used, (b) type and construction of projection booth, and (c) experience of projectionists. More than 575 fire-resistant projection booths were installed during the past 8 years as the result of the association's inspections of and recommendations to orphanages, hospitals, asylums, penal institutions, schools, churches, clubs, and even private residences.

Substantial use of 35-mm. acetate film by the armed services resulted in its increased production during the war. Film manufacturers, distributors, exhibitors, and specialists in the conservation field are all studying carefully the practicability and cost of its widespread substitution for nitrocellulose stock within the next few years. This and all other developments bearing in any way upon the association's service to the industry and to the public in the field of conservation will continue to receive attention.

#### THEATER SERVICE

Exhibitors played a leading part in founding this association. From the beginning they have served on its board of directors, as shown by the introductory roster. The present board includes directors who grew up in the business as exhibitors. Real or alleged conflict of interests between various branches of the industry must not obscure the basic interdependence of exhibition, distribution, and production. Issues between buyer and seller present serious obstacles to industry unity. But problems involving the entire industry demand united action.

The theater service department provides liaison for all elements willing to cooperate on industry matters of mutual interest, such as public relations, press relations and public information, legislation, unfair and discriminatory taxes, political censorship and attempts at other types of arbitrary regulation or control. Members of the association's staff through personal, friendly acquaintance with large numbers of exhibitors seek to develop on all sides a better understanding of the principles on which this unique business operates. Virtually every other department of the association needs clearance and counsel from this department in performing essential service to motion-picture exhibition.



Fifty different exhibitor associations are now active, including two national federations of State and regional organizations: The Motion Picture Theater Owners of America, with some 14 State and local associations as active members, and the Allied States Association with about 12. The Pacific Coast Conference comprises four local associations. The remaining 17 local exhibitor associations have no present national affiliation. A movement began in December 1945, to establish a new national organization—the Theater Activities Committee.

Meetings and conventions of exhibitors were sharply curtailed during the war. Nevertheless, war loans, march of dimes, Red Cross drives, and various war activities, mobilized the Nation's showmen into a tremendously effective force as the spearhead of the industry's war activities committee. The need now is to develop and expand the united effort without unreasonably limiting freedom of action of any branch of the industry.

#### COMMUNITY SERVICE

*Previewing and support of approved films.*—The objective of the community service department is the stimulation of demand for quality motion-picture product through cooperation with organized efforts of important national groups. These efforts continue to receive vigorous support. Previewing committees, representing 8 national and 14 regional organizations, forward frank appraisals of new motion pictures to their respective constituencies. National women's clubs, church, library and school groups, and better film councils in various communities, work closely with enlightened exhibitors to make deserving films successful.

Wartime claims upon the energies of community leaders and exhibitors alike, reduced the volume of this cooperative effort. With war's end, a more intensified stimulation of consumer demand for quality product is being initiated. Organization of the Protestant Motion Picture Council, with its film appraisals disseminated widely through the Christian Herald, is illustrative.

The following previewing committees are functioning for national organizations named below, some of which commenced their service more than 20 years ago: American Legion Auxiliary, Daughters of the American Revolution, General Federation of Women's Clubs, International Federation of Catholic Alumnae, Libraries-Film Division, National Film Music Council, Professional Woman's League, Protestant Motion Picture Council; regional committees representing parent-teacher organizations, music and speech groups, American Association of University Women, National Council of Jewish Women, and motion-picture councils of cities, counties, and States.

*Information media for community service groups.*—In addition to separate preview reports by these individual groups, the community-service department of the association prepares and distributes from Hollywood a combined preview appraisal of new films by representatives of 10 leading women's organizations. This is entitled "Estimates on Current Motion Pictures." When differences of opinion exist between previewing groups, the printed appraisals so indicate. These ratings also include opinions as to suitability for family, mature family, and adult audiences.

The Hollywood office publishes a weekly 4-page bulletin about current pictures, production trends, and news of the studios, entitled "What's Happening in Hollywood." Each issue is usually devoted to a single theme or phase of production with advance information on pictures nearing completion.

The Motion Picture Letter, a monthly digest of news about motion pictures and a report on industry activities in the public interest, is issued by the public information committee; the community service department cooperates.

With the resumption of full-scale postwar cooperative activities in community service, mailing lists for these publications are being substantially increased. Readers of this report desiring to receive these informational bulletins should write the association.

More and more, magazines and publications of national distribution have availed themselves of preview reports on pictures as a basis for publishing information on coming products. To indicate the variety of interest, the following are named: The Boy Scout magazine *Boy's Life*, National Historical Magazine, Catholic News, The Tablet, Christian Herald, National Council Bulletin of the Y. M. C. A., Washington Square Bulletin of New York University, The New Masses, Motive, magazine of the Methodist student movement, and New Movies, the house organ of the National Board of Review.

*Stratosphere exploitation.*—Community groups and members of the association work together to mobilize support for exceptional films. For example, the "stratosphere exploitation" for the picture *Wilson* included (1) 50,000 copies of an historical brochure written by Dr. James T. Shotwell for use in schools; (2)

10,000 four-panel research exhibits for use of librarians; (3) a pictorial biography of President Wilson, published in a popular edition; (4) 25,000 letters sent by this department's director to the association's mailing list of community leaders; and (5) 27,000 letters sent to the members of the National Education Association by its executive director, enclosing the Shotwell brochure on Wilson.

*The "best" and "10 best" of 10 years.*—Many feature pictures which won acclaim during the past decade would not have been made without assurance of public support. Thus Hollywood's creative advances depend in part upon organized cooperation.

A review of the award "winners" of the Academy of Motion Picture Arts and Sciences, the New York film critics, and Film Daily for the past 10 years reflects the coordination between the finest in Hollywood's creative art and organized support for its best product. The winners of these three awards were: 1936: Mr. Deeds Goes to Town, The Great Ziegfeld, Mutiny on the Bounty; 1937: The Life of Emile Zola (all three awards); 1938: You Can't Take It With You, The Citadel, Snow White and the Seven Dwarfs; 1939: Gone With the Wind, Wuthering Heights, Goodbye, Mr. Chips; 1940: Rebecca (two awards), The Grapes of Wrath; 1941: How Green Was My Valley, Citizen Kane, Gone With the Wind; 1942: Mrs. Miniver (two awards), In Which We Serve; 1943: Casablanca, Watch on the Rhine, Random Harvest; 1944: Going My Way (all three awards); 1945: The Lost Week End, Wilson (two awards).

Turning now to the lists of "10 best", we find that in 1935 only the National Board of Review and Film Daily were regularly listing the "10 best" pictures of the year. In their 1935 listing they agreed on 6 and disagreed on 4 each, so that on their combined lists were 14. In 1944 there were 7 lists of "10 best" with a total of 35 pictures included. In 1945 there were 18 lists of "10 best" with 53 pictures included.

The following organizations issued lists of 10 best pictures in 1945: The National Board of Review, its Exceptional Photoplay Committee and its Young Reviewers; Film Daily's Local Pool; Film Daily's Pool of Critics; Boxoffice, Showmen's Trade Review; Photoplay; Time magazine; the Country Gentleman; Look; Liberty; the New York Times; the New York Herald Tribune; the New York Journal-American; the New York Daily News; the New York Post and the New York World-Telegram.

Certainly the 53 pictures which achieved acclaim in the 10 best for 1945 reflect an infinite variety of pattern and subject matter. Figures in parentheses indicate the number of lists which carried the picture: Anchors Aweigh (12); The Lost Weekend (11); The Story of G. I. Joe (11); A Tree Grows in Brooklyn (10); The House on 92d Street (7); National Velvet (7); A Song to Remember (7); State Fair (7); The Valley of Decision (7); The Fighting Lady (6); The True Glory (6); Colonel Blimp (5); Meet Me in St. Louis (5); Thrill of a Romance (5); The Last Chance (4); Spellbound (4); Bells of St. Mary's (3); The Clock (3); The Corn Is Green (3); Keys of the Kingdom (3); Mildred Pierce (3); Objective Burma (3); Salty O'Rourke (3); The Southerner (3); Thirty Seconds over Toyko (3); God is My Co-Pilot (2); Hollywood Canteen (2); Laura (2); Our Vines Have Tender Grapes (2); Pride of the Marines (2); San Pietro (2); Saratoga Trunk (2); Son of Lassie (2); They Were Expendable (2); The Way Ahead (2); Wilson (2); and 17 others, one vote each.

Thus the demand for better pictures and support of the finest at the boxoffice have brought an increasing variety of good films, so that more than 10 percent of the total output of Hollywood reviewed in 1945 was adjudged by some appraisal group as worthy of inclusion in a list of the 10 best. And the fact that there were 18 such lists of 10 best is in itself an indication of a steadily growing interest in the artistic excellence of motion pictures.

*Short subject entertainment.*—Commercial short subjects progressed in technique, treatment of theme, and diversity of subject matter during the decade. The awards of the Academy of Motion Picture Arts and Sciences reflect this. For the past 10 years the academy made special awards to one-reel, two-reel, and cartoon subjects; the titles are presented in chronological order.

The one-reel winners were: Board of Education (Our Gang); The Private Life of the Gannets (bird life); That Mothers Might Live (medical research); Busy Little Bears (natural history); Quicker'n a Wink (stroboscopic photography); Of Pups and Puzzles (research in education); Speaking of Animals and Their Families (natural history); Amphibious Fighters (war); Who's Who in Animal Land (natural history); Stairway to Light (psychiatric research).

The two-reel winners were: The Public Pays (Crime Does Not Pay series); Torture Money (Crime Does Not Pay series); The Declaration of Independence (American history); Sons of Liberty (American history); Teddy the Rough Rider



(American history); Main Street on the March (national defense); Beyond the Line of Duty (Distinguished Service Cross); Heavenly Music (classic versus modern music); I Won't Play (Army entertainment); Star in the Night (Spirit of Christmas).

The animated cartoon winners were: Country Cousin, The Old Mill, Ferdinand and the Bull, The Ugly Duckling, The Milky Way, Lenda Paw, Der Fuehrer's Face, Yankee Doodle Mouse, Mouse Trouble, Quiet Please.

*Documentaries.*—The war provided an invaluable proving ground for the documentary film. The taxpayers put up the money, Hollywood furnished some of its ablest professionals, and the global struggle offered subjects of dramatic power and popular interest for armed forces and civilians alike.

Even before the war such films as *The Plow that Broke the Plains*, *The River*, and *The City* demonstrated the potentialities of the documentary approach. Then came such masterpieces from the Canadian Film Board as *Churchill's Island*, *Now the Peace*, *When Asia Speaks*, and *Atlantic Crossroads*.

The Nazis used *Sieg in Westen* to blitz the minds of frightened peoples they were about to conquer. Our own Army and Navy, through the medium of training films, multiplied its scarce fighting equipment manifold so that draftees later could operate it in record time. *The Battle of Midway* found Commander John Ford, camera in hand, atop a water tower shooting one of the earliest combat communiques. Then followed Zaneck's *At the Front in North Africa*, *Desert Victory*, *Target for Tonight*, and *With the Marines at Tarawa* which moved audiences deeply. By the time 12,926 theaters had played *Col. William Wyler's Memphis Belle*, fine documentaries of dramatic power had become an integral part of wartime film fare.

Special academy awards to *The Battle of Midway* and *Prelude to War* in 1942, *Fighting Lady* and *With the Marines at Tarawa* in 1944, and *The True Glory* and *Hitler Lives* in 1945, have lifted the documentary to Hollywood's pinnacle of fame.

Problems of the postwar decade are no less susceptible to screen treatment. They challenge motion picture producers and exhibitors alike to build upon the solid achievements of the war years. The effort should be to increase rather than dissipate the recently generated audience interest in fact films. Hollywood producers, directors, writers, actors, and technicians home from the wars will inevitably bring documentary skills to the making of all films.

*News on the screen.*—Newsreels continue to be extremely popular with various community groups with which this department cooperates. These reels are not submitted to the production code administration for approval prior to release. Their editors, however, long have recognized the responsibilities associated with a medium which occupies a vital part of virtually every theater program. That this responsibility has been fully met is evidenced by the unexcelled manner in which the newsreel has brought to the screen the front-page happenings of the past decade.

Exhibit 5 presents, according to the major groupings of national news, foreign news and the European and Pacific wars, an analysis of the subject matter of some 44,684 "clips" from the five newsreels (Movietone News, News of the Day, Paramount News, Pathé News, and Universal Newsreel) during the period 1936-45. Contained in the figures is the record of the newsreel cameramen through 10 crucial years, a record which cost the lives of some of them, in order that they might bring to the screen of even the smallest hamlet in the Nation a vivid picturization of world-shaking events soon after their occurrence.

Reflected in the statistics is the story of a world at war, from the march on Poland to the unconditional surrender of Germany in the red schoolhouse at Reims, and from the Japanese rape of China through Pearl Harbor to the stirring surrender scenes aboard the *USS Missouri*. Every battle front was represented as the cameramen provided on-the-spot coverage of history in the making.

Exhibit 5 reveals a decrease in the total numbers of newsreels subjects or "clips" from 5,250 in 1938 to 3,133 in 1945, reflecting a 25 percent reduction in length during the period of severe film raw stock shortage. Coverage of World War II dominated screen news after entry of the United States, and 52.2 percent of newsreel subjects in 1944 was devoted to the European and Pacific battle fronts, with another 13.3 percent pertaining to national defense and home-front war activities. Consequently, the number of miscellaneous "clips" decreased sharply as the war progressed, and other subjects were likewise given less coverage. Sports, long a favorite newsreel subject, dropped from 27.4 percent in 1938 to a low of 8.6 percent in 1943. The end of hostilities brought a change in emphasis from the battle fronts to a coverage of international conferences and other foreign news with no lessening of audience interest in screen news.



EXHIBIT 5.—Analysis of 44,684 newsreel subjects, 1936–45

	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945
National News:										
Aviation	Percent 3.5	Percent 3.6	Percent 4.2	Percent 3.1	Percent 3.8	Percent 2.9	Percent 1.1	Percent 1.2	Percent 1.4	Percent 1.4
Disasters, fires, etc.	4.3	5.0	3.8	3.4	3.1	2.6	2.3	1.7	1.7	1.9
Farm	7.1	6.6	6.0	1.2	4.4	2.9	.6	.7	1.7	.2
Fashions, styles	2.5	2.3	2.4	1.8	1.6	1.5	.9	.5	1.0	.9
Governmental news	2.4	4.4	4.6	5.1	4.5	5.8	8.6	7.8	2.7	11.7
Health	.4	.6	.6	.4	.4	.2	.1	.6	.9	.1
Industrial progress	.7	.6	2.9	.7	.9	.6	.1	1.0	.3	.3
Labor news	1.0	3.4	2.7	.8	1.1	1.5	.3	.7	.3	.8
National defense <sup>2</sup>	2.2	2.5	2.6	4.1	13.7	24.7	23.3	22.2	13.3	3.4
Political news	4.8	.5	3.7	.8	7.3	.1	.1	.3	5.0	.1
Religious news	.8	1.2	1.6	1.0	.6	.7	.4	1.0	1.5	.8
Science	1.5	.5	.4	1.1	.2	.3	.1	.2	.2	.9
Sports	23.8	27.2	27.4	26.1	25.0	26.2	15.3	8.6	9.1	9.4
Weather	2.5	1.1	1.4	.8	1.1	.4	.4	.2	.6	.3
Miscellaneous	27.1	23.7	21.3	21.8	15.9	12.9	15.1	8.9	9.2	20.3
Foreign News <sup>3</sup>	21.8	22.8	21.8	18.3	5.8	4.2	2.9	2.1	1.4	23.7
War in Europe				10.5	18.6	15.8	15.0	28.9	37.7	9.7
War in Pacific						1.4	14.4	14.7	14.5	14.1
Total "clips" analyzed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	4,755	4,956	5,250	4,940	4,947	4,948	4,454	3,810	3,491	3,133

<sup>1</sup> Compiled from Movietone News, News of the Day, Paramount News, Pathé News, and Universal Newsreel.<sup>2</sup> Including domestic war activities after United States entry into World War II.<sup>3</sup> Excluding World War II coverage.

## INTERNATIONAL SERVICE

*Importance of world market.*—Revenue from foreign distribution is the lifeblood of the American motion-picture industry. At least one-third of the negative cost of motion pictures produced in this country must be recovered from foreign distribution. Substantial reduction of income from this source would restrict expenditures for production and lower the artistic and entertainment value of American pictures.

During the war years the loss of Axis-dominated territories was largely offset by the extraordinary demand for motion picture entertainment in the territory which still remained open. For example, attendance at British motion picture theaters in 1944 was practically double prewar average.

It cannot be expected that this abnormal demand will continue in the postwar period. It was occasioned by scarcity of other types of recreation and entertainment, and especially by the urgent need of relaxation and relief from war tension.

However, American motion pictures are still the favorite entertainment of mass audiences throughout the world. In France where importation of new American films is not yet permitted, prewar American films bring better box-office receipts than most new French films. Recently Metro-Goldwyn-Mayer resissued *Ben Hur*, produced in 1921. This old film is reported doing excellent business.

In Yugoslavia, where 100 or more prewar American films confiscated by the state monopoly are being illegally exhibited, these American pictures are general favorites compared with new Russian films, in spite of the efforts of the state monopoly to promote the latter.

*Governmental obstacles.*—Although there is universal public interest in American films overseas, our industry in 21 countries faces obstacles in the form of governmental regulations hampering the importation and distribution of American motion pictures.

Eight examples are:

- (1) Excessive import duties: Increase in Spain from \$90 before the war for average feature to \$11,000 now.
- (2) Internal tax measures assessed against foreign films after they have been imported. Such taxes are actually discriminatory because most imported films are from Hollywood.
- (3) Quota laws requiring a certain percentage of theater playing time for native motion pictures.
- (4) Discriminatory theater taxes upon the exhibition of films of foreign origin in favor of domestic films.
- (5) Remittance taxes upon varying percentages of amounts due American distributors deemed by the local government to be profit or income.
- (6) Government monopolies: Part of trend toward nationalization—notably in Czechoslovakia and Yugoslavia.
- (7) Theater combines which have the effect of monopolies. Examples are Bioscoop Bond in Holland, the Norwegian Municipal Exhibitors' Association, China Film Society continuing the Japanese monopoly in China.
- (8) Censorship by foreign governments: In countries within the sphere of Soviet influence, motion pictures which present other forms of government in a favorable light are rejected. Also there are still occasional rejections on account of supposed derogatory reference to the country concerned. Two instances of this kind are pending in Spain, with the accompanying threat that the producers of the pictures will be barred completely from Spain unless all prints and negatives are destroyed of the pictures to which exception has been taken.

*Relief from import restrictions.*—The approach to the foreign government concerned must be on behalf of the entire industry and relief secured through the good offices of our own Government, especially the State Department. Our international department keeps informed about such problems and undertakes to mobilize the necessary action. The manager of the department visited Washington 22 times in 1945 for conferences with Government officials and with foreign diplomatic representatives.

Film boards of trade composed of local representatives of American motion-picture distributors are maintained in 15 foreign countries. They operate under the general guidance of the association. Their activities are reported regularly in detail and shared with the member companies.

There is reason to expect that our Government's established policy insisting upon unhindered transit of media of expression across frontiers will be imple-

mented in the numerous treaties and trade agreements that will be negotiated with foreign countries in the near future. In this connection the international department has prepared briefs outlining existing conditions and needs of the American motion-picture industry in 21 foreign countries. This information will be used by executives in the Department of State who have primary responsibility for negotiating the treaties.

*Examples of current problems.*—The following are examples by countries of international problems which required and received the attention of the department during 1945:

Australia: Proposed legislation in Queensland would place a ceiling on film rentals and give the price-fixing commission virtual control of the industry. Urgent representations have been made by the Australian Film Board and it is hoped that the bill will not finally pass in its present form.

Brazil: A demand for largely increased wages was settled by the companies with their employees on the basis of cost-of-living bonus through cooperative action by the Film Board of Trade.

China: A formula for remittance of film rentals was worked out with the Chinese Government by our Embassy in Chungking. Fictitious charges by exhibitors which reduced by nearly 75 percent box-office receipts on which our rental percentages were figured, have been eliminated by united action through the export association.

Czechoslovakia: Negotiations continue between the export association and the state film monopoly in an effort to develop a procedure by which the association may deal directly with the circuit of theaters operated by the monopoly.

France: Strong pressure by French producers upon their government still prevents the importation of new American pictures. The State Department is insisting upon compliance by the French Government with the terms of the trade agreement which protects the position of American films in that market. It is expected that this question will be resolved during the financial negotiations now in progress between the two Governments.

Great Britain: We are assured that the present position of the industry in that country will be protected if the double taxation treaty and the British loan are approved in this country.

Italy: All Fascist laws relating to motion pictures were annulled at the urgent request of our Embassy. However, the Italian Government has undertaken recently to impose a quota limitation on the importation of American films. This action has been protested by the Embassy and an early settlement is expected.

Mexico: Labor unions demanded a 50 percent increase in wages and numerous changes in working conditions. Acceptance of the demands would have made it impossible for the companies to continue business in that country and a prolonged strike ensued. Through assistance of the Embassy and the Office of Inter-American Affairs, a reasonable settlement was finally obtained.

Norway: After liberation, the organization of Norwegian theaters insisted upon a flat rental maximum of 30 percent which obtained before the war. From this amount, a 40 percent state tax was to be deducted. The companies, acting through the export association, declined to distribute their new pictures at this rate. A committee of Scandinavian managers visited the country in November without result. Later the association's London representative returned to Norway and with the assistance of the Embassy and a member of the original Scandinavian committee, negotiated a sliding scale agreement, which permits recognition of the super box-office value of high-grade pictures.

*Registration of foreign language titles.*—Among the services rendered to the industry by the international department is the registration of foreign language titles. The purpose is the avoidance of confusion and financial loss by the release of identical titles by different companies. All established American exporters of motion pictures participate in this arrangement. The foreign language titles are submitted to the international department for scrutiny as to possible identity with titles previously released. No company will use an identical title without permission of the company which originally registered the title. During 1945, 1,866 new titles were registered, 109 titles withdrawn, and 132 titles rejected because of identity with titles already registered. Registration file now contains nearly 50,000 titles in 23 languages, including Chinese and Japanese.



## III. OTHER INDUSTRY SERVICE AGENCIES

## MOTION PICTURE EXPORT ASSOCIATION, INC.

(Incorporated June 5, 1945 in Delaware under Webb Export Trade Act.)

*Stockholders.*—Columbia Pictures International Corp., Loew's International Corp., Paramount International Films, Inc., RKO Radio Pictures, Inc., Twentieth Century-Fox International Corp., United Artists Corp., Universal International Films, Inc., Warner Bros. Pictures International Corp.

*Officers and directors.*—Eric A. Johnston, president and director; Morris Goodman, vice president; Francis S. Harmon, vice president; Murray Silverstone, vice president and director; Gordon E. Youngman, secretary; George Borthwick, treasurer; Joseph McConville, Philip Reisman, Samuel Schneider, Gradwell L. Sears, Joseph Seidelman, Morton Spring, George Weltner, directors.

(1) Members of the association have granted it an exclusive license for a limited period of time to distribute their pictures in the Kingdom of the Netherlands. To date this constitutes the only joint marketing agreement to which the MPEA is a party.

(2) Members have also authorized the export association to conduct negotiations with the Government of Czechoslovakia regarding the distribution of member company pictures in that country. Any agreement resulting from such negotiations will require further action by the members.

(3) The facilities of the export association have been used to allocate distribution quotas, fix minimum royalties and determine certain other terms of licensing in foreign countries where restrictive actions have been previously taken which adversely affected the exhibition of member company films.

To date the machinery of the export association has been used only in connection with situations in the export field where restrictive actions of government or territorial monopolistic industry practices prevent or handicap free licensing of American films.

The extent to which the export association will be used in the future depends upon the willingness of the members to capitalize the advantages of joint marketing, agreed limitation of number of pictures to be distributed and terms of distribution, so as to insure orderly release of films which could not be freely exported during the dislocations of war years.

## CENTRAL CASTING CORP.

"Go to Universal at 1 o'clock today, wearing ordinary fall street clothes." "Report to RKO at 7 a. m. for make-up, Cromwell directing." "Go to Paramount at 10 tomorrow, dressed in warm clothing for a winter farmhouse party."

Such instructions go out daily from Central Casting Corp., the busy "call" bureau in Hollywood organized in 1926 to take care of the vexing problems involved in furnishing studios with thousands of "extra" or "atmosphere" players. The corporation is owned by the producers of motion pictures who, although members of the Motion Picture Association, operate this organization as a separate entity. Its expenses are defrayed by the studios subscribing to its services, no charge being made to the extra players themselves. After 20 years of operation, Central Casting provides both studios and "extras" with a highly efficient and useful service.

*When players phone.*—By special arrangement with the Bell Telephone Co. as many as 4,000 incoming calls an hour can be received by a battery of operators. Players inquiring about work telephone, state their names, and are given one of three replies: "No work," "Try later," or "Just a moment, please." The first means that no casting is going on at the moment; the second, that casting is in progress but the caller is just not the type required; and the third, that a studio teletype order has come in for which the inquirer might be the right type.

At a long table where three to six persons are at work, there is a loud speaker connected with the telephone switchboard which transmits the name of the registered player who is calling on the phone. Through long experience the casting directors immediately associate the name with a mental image of the type, and if the person meets the requirements of the order being cast, the call is intercepted by an ingenious interlocking key device and the directors put in instant touch with the party calling.

*When studios call.*—Studio requirements for extra players are relayed to central casting by means of teletype. Through the use of a punched-card tabulating system it is possible to locate quickly and efficiently the names of additional

players meeting a particular requirement of a casting director at one of the studios. For instance, if "20 Russian women, middle age, heavy stature," are needed, the names of registered extras with those specifications are sorted out by the machines in a few minutes. If those individuals have not inquired about work, the order is turned over to the "call desk," where the quota is filled through outgoing phone calls.

Every effort is made to use first of all the people who depend upon extra work for a living. This is not always possible. Sometimes casting directors must seek special help by scouring the water front for practical seamen experienced in handling sailing vessels, or in seeking out mechanics, trained horsemen, stunt men and circus acrobats, football players, or representatives of racial groups.

*Revealing statistics.*—At one time central casting maintained a registration totaling approximately 17,000. The list had been cut by December 31, 1945, to 8,861 so that a living wage might be provided to more of these instead of a fractional wage for the larger number. For many, however, there is still only an occasional day's work, though total placements in 1945 were 251,094, providing a daily average wage of \$13.

Few pictures, however simple, are complete without the extras who provide human interest to film backgrounds. Competent and well-trained, they take their places, respond to the director's call for "Action!"—and give to the audience that sense of reality which is part of the magic of motion pictures.

Following is a tabulation of total placements, gross earnings, and the average daily wage paid extra talent during the years 1938–45:

	Total placements	Total gross earnings	Average daily wage
1938.....	264,268	\$2,848,445.68	\$10.78
1939.....	294,432	3,124,671.64	10.61
1940.....	228,342	2,529,766.00	11.08
1941.....	266,170	3,118,411.88	11.72
1942.....	287,855	3,388,823.61	11.77
1943.....	331,684	4,190,060.56	12.63
1944.....	324,925	4,129,083.66	12.71
1945.....	<sup>1</sup> 251,094	<sup>1</sup> 3,263,998.93	13.00

<sup>1</sup> Figures for Warner Bros. not included July–December 1945.

#### PERMANENT CHARITIES COMMITTEE, INC.

*Organizational facts.*—Established May 1940 to supervise all charity drives of the motion-picture industry in Hollywood, with Samuel Goldwyn as its first chairman. Subsequent chairmen and presidents: Edward Arnold, 1941; Bert Allenberg, 1942; Mark Sandrich, 1943; Jane Murfin, 1944; and Y. Frank Freeman, 1945. Incorporated in May 1943 under the nonprofit statutes of California.

*Officers and directors (December 31, 1945).*—Y. Frank Freeman, president; Edward Arnold, executive vice president and treasurer; John C. Flinn, secretary; directors, Carl Cooper, William Dieterle, Francis Edwards Faragoh, Porter Hall, Van Herron, Sam Jaffe, W. Ray Johnston, Col. Jason S. Joy, Sol Lesser.

The committee, representing all film groups, was organized to cope with the problem of numerous, overlapping, time-consuming charity drives. During the first 4 years the committee conducted some drives, approved others; the Motion Picture Relief Fund continued its weekly pay-roll deduction plan independently. On October 8, 1945, the First Annual United Appeal was launched (at a cost of 2.19 percent of amount subscribed) after a Hollywood poll revealed that 86 percent of industry personnel favored a single annual campaign. Thousands of donors pledged pay-roll deductions ranging from 25 cents to \$60 per week.

Hollywood's generosity long has been recognized. In 1944, for example, 25,016 out of 26,000 potential industry donors, contributed \$1,169,141.57 to the Los Angeles War Chest (14.97 percent of city total). Hollywood charity contributions, 1942–45, follow:

	1942	1943	1944	1945
American Red Cross.....	<sup>1</sup> \$527,000.00	<sup>2</sup> \$183,509.02	<sup>2</sup> \$658,210.24	<sup>2</sup> \$722,649.78
Community and War Fund Chests.....	<sup>2</sup> 672,868.56	<sup>2</sup> 1,170,010.77	<sup>2</sup> 1,169,141.67	<sup>2</sup> 1,015,337.00
March of Dimes.....	<sup>1</sup> 18,990.91	<sup>1</sup> 27,148.90	<sup>2</sup> 49,101.57	<sup>2</sup> 80,015.47
United Jewish Appeal <sup>3</sup> .....	160,521.00	411,741.00	521,610.00	543,968.00
Motion Picture Relief Fund <sup>4</sup> .....	346,213.35	347,951.37	387,884.20	388,956.69

<sup>1</sup> Authorized by the permanent charities committee.

<sup>2</sup> Conducted by the permanent charities committee. ("Community and War Fund Chests" figure for 1942 includes \$327,812.69 collected specifically for the Community Chest, \$148,077.89 for the USO, and \$196,977.98 for Navy Relief and Russia-China-Dutch War Relief. Contribution for 1945 Victory Chest was allocated from funds collected in the permanent charities committee's "Annual United Appeal".)

<sup>3</sup> Sectarian drive approved but not conducted by permanent charities committee.

<sup>4</sup> Not conducted by permanent charities committee.

#### HOLLYWOOD VICTORY COMMITTEE (DECEMBER 10, 1941, TO DECEMBER 31, 1945)

This wartime mobilization of the Hollywood entertainment industry coordinated the efforts of 22 organizations, including actors, radio and variety artists, musicians, writers, directors, managers, producers, publicists, studios, radio networks, and every other group which could contribute to the job of channeling talent where most needed and of enlisting players for service at home and overseas. Through the victory committee, Hollywood personalities served the armed forces, the Treasury, the Office of War Information, and other civilian war agencies, the American Red Cross, the National War Fund, Canada and other members of the United Nations.

Hollywood entertainers traveled over 5,000,000 miles to entertain GI's from Greenland to New Guinea, to visit hospitals in every State and in every war theater outside the United States. Through the Hollywood caravan more than \$700,000 was secured for Army and Navy relief funds on a Nation-wide tour. Through the Hollywood bond cavalcade and its special train loaded with stars, a billion in war bonds was sold on a 10,000-mile transcontinental trip.

Everyone wanted Hollywood stars for rallies, benefits, shows on the air, and shows in person. How well Hollywood responded to these myriad calls for wartime service is evidenced by these statistics from the final report of the victory committee:

Free appearances by 4,147 persons in 7,700 events.....	56,037
Playing days by 176 persons on 122 overseas tours.....	13,555
Playing days by 407 persons on 416 hospital and camp tours.....	5,947
1-night stands by variety troupes along west coast.....	2,056
Personalities on war-bond tours.....	214
Persons on war-bond broadcasts and radio transcriptions.....	264
Entertainment transcriptions for overseas transmission by Armed Forces Radio Service.....	2,428
Film shorts made with top stars.....	38
Broadcasts and transcriptions for war relief and charity.....	390
Personal appearances for war relief and charity.....	561
Personalities on Canadian war-bond tours; 34 on transcribed radio programs, and 19 persons in film shorts for Canadian war-bond drives...	50

#### WAR ACTIVITIES COMMITTEE—MOTION-PICTURE INDUSTRY (JUNE 5, 1940, TO JANUARY 7, 1946)

This committee and its predecessor, the Motion Picture Committee Cooperating for National Defense, provided the vehicle through which all branches of the industry, between Dunkerque and Pearl Harbor, cooperated with the United States Government to make America the arsenal of democracy and thereafter worked to speed total victory over Germany and Japan.

Presidents of 36 national motion-picture organizations comprised the national committee. A coordinating committee unified the activities of seven divisions—theaters, distributors, Hollywood, newsreel, trade press, publicists and foreign managers. Thirty-one area organizations mobilized completely the industry's human and material resources within each exchange territory.



Special campaign committees spearheaded the industry's participation in seven bond drives (Stars Over America—September 1942; the 3d, 4th, 5th, 6th, 7th, and Victory loan) during which the theaters conducted 29,913 bond premieres and held 42,661 free movie days, thus admitting without tickets millions of bond buyers. More than a third of the Nation's 16,660 theaters which took part in bond campaigns were issuing agents for the Treasury.

Theater audiences and industry personnel contributed \$36,874,436.37 during the war years to the following charity drives:

Red Cross (1945).....	\$7, 290, 164. 57
March of Dimes (1945).....	5, 978, 939. 34
Red Cross (1944).....	<sup>1</sup> 6, 793, 060. 04
March of Dimes (1944).....	<sup>2</sup> 4, 667, 520. 00
Red Cross (1943).....	3, 067, 236. 25
March of Dimes (1943).....	2, 116, 539. 18
United Nations Week (1943).....	1, 644, 723. 40
Army-Navy Emergency Relief (1942).....	2, 120, 212. 66
March of Dimes (1942).....	1, 420, 568. 72
USO (1941).....	997, 885. 95
Greek War Relief (1941).....	777, 586. 26
Total theater collections.....	36, 874, 436. 37

<sup>1</sup> Includes \$1,291,610.04 of industry corporate gifts and Hollywood collections.

<sup>2</sup> Includes Hollywood collections.

To bond campaigns, charity drives, and various other projects sponsored by the war activities committee, the members of the trade press division contributed 1,200 pages of advertising, representing \$400,000 in value, as well as 20,000 columns of reading space filled with useful factual and promotional material.

One hundred and forty information films, 29 film bulletins, and 22 campaign appeal trailers were released through the committee. When the Congress abolished the domestic budget for OWI films, the industry continued the program at its own expense for 2½ years until after VJ-Day.

A gift film program for the entertainment of members of the armed services in combat areas utilized 160,977,613 feet of 16-millimeter raw stock of which some 60,000,000 feet were contributed by Eastman Kodak Co. and the du Pont Co. Another 100,000,000 million feet were purchased by the industry. Between March 1, 1942, and October 31, 1945, the industry gave 43,189 16-millimeter prints of 1,041 different features and 33,217 prints of 1,050 different shorts which were seen gratis by an estimated audience overseas of 950,000,000 persons in uniform. All film laboratories, including Technicolor, contributed substantially to the program. These contributions plus estimated contribution of the copyright owners of 5 cents per man per exhibition brought value of this industry gift to the armed forces to \$51,313,213.

General George C. Marshall in a letter dated October 1, 1945, thus appraises the industry's gift:

"The generosity of the motion-picture industry collectively and of the individuals comprising it made possible the entertainment of our soldiers under very trying conditions with a remarkable continuity of service and should be a matter of great pride to you and to members of your organization. Please accept my personal gratitude and the appreciation of the War Department for that contribution."

To the fighting forces the motion-picture industry contributed thousands of its personnel, many of whom received awards for service beyond the call of duty and some of whom paid the supreme sacrifice.

#### TEACHING FILM CUSTODIANS, INC.

*Corporate facts.*—Organized December 1, 1938, under the laws of New York to advance and promote the distribution and use of motion pictures for educational purposes in schools.

*President and chairman of the board.*—Dr. Mark A. May, director, Institute of Human Relations, Yale University.

*Directors.*—James R. Angell, president emeritus, Yale University; Frederick H. Bair, superintendent, Bronxville (N. Y.) schools; Isaiah Bowman, president, Johns Hopkins University; Karl T. Compton, president, Massachusetts Institute of Technology; Edmund E. Day, president, Cornell University; Royal B. Farnum, executive vice president, Rhode Island School of Design; Willard E. Givens, executive secretary, National Education Association; Jay B. Nash, professor of

education, New York University, and Francis T. Spaulding, dean, Graduate School of Education, Harvard University.

*Trustees.*—James R. Angell, Willard E. Givens, and Carl E. Milliken.

Teaching Film Custodians, Inc., the second largest national distributor of instructional films, has in its catalog 639 titles for classroom use which are proving increasingly popular and effective as visual aids in courses of history, geography, literature and biography, biology and nature study, chemistry, physics and astronomy, geology, general science, art and music, sociology and religion, health, physical education and recreation, agriculture, home economics, industrial arts, and various vocations.

Sixteen-millimeter prints of selected subjects are licensed on a 3-year nonprofit basis. By December 31, 1945, there were 10,332 reels of 16-millimeter film in active use through 423 film libraries across the Nation, serving thousands of schools located in every State. For example, one film library operated by the Los Angeles public-school system supplies 464 schools; another in Ohio services 1,500 schools; numerous State university libraries supply schools throughout their respective States. Use of all films is restricted by license to the instructional programs of the institutions exhibiting them. These classroom films may be shown only in school buildings during school hours.

Illustrative films, widely used in schools, include:

*American history.*—Land of Liberty (stirring pictorial history of America as a land of freedom); Servant of the People (story of the Constitution); The Perfect Tribute (Lincoln's Gettysburg Address); Story That Couldn't Be Printed (Freedom of the press); Give Me Liberty (Patrick Henry), and Monroe Doctrine.

*Biography.*—The Story of Dr. Jenner (smallpox control); The Story of Dr. Carver; Romance of Radium (the Curies); The Story of Charles Goodyear (vulcanizing rubber); They Live Again (Dr. Banting and insulin).

*Literature.*—A Tale of Two Cities; Romeo and Juliet; David Copperfield; Master Will Shakespeare; Treasure Island.

*Science.*—New Roadways to Science; Willie and the Mouse; Beneath Our Feet (microscopic study of insects); Song Birds of the North Woods.

*Politics and government.*—Inside the Capitol; Inside the White House; U. S. Treasury; The Mint; Inside the FBI.

At the present time administrators of informal programs of adult education in factories, schools, churches, labor unions, health associations, and community forums, are seeking to use these tested visual aids. Directors of Teaching Film Custodians are negotiating with various copyright owners for liberalization of contracts to permit extension of the social contribution of these motion pictures into these wider areas under controls adequately protecting commercial theaters.

Funds above expenses of operation have been appropriated to such projects as (1) a study by the American Council on Education for curriculum areas in which visual aids are most needed; (2) a study by Harvard Graduate School of Education of existing film materials and motion-picture needs in the field of American history, and (3) experiments in utilization of classroom films by the Institute of Human Relations at Yale University.

Without salesmen, without advertising, without promotion of any kind, this service of the industry has achieved a significant place as a source of curriculum materials for schools of every instructional level. It serves as a main source for teachers of English, history, and geography. Teachers have been pleased to find an educational ally. Industry leaders have become interested in a service rendered to education on a self-sustaining basis. They now view the industry's entire product in terms of its possible educational significance and welcome opportunities for increasing the social usefulness of the motion picture.

## EXHIBIT 2

### HOLLYWOOD AND INTERNATIONAL UNDERSTANDING

(By Harry L. Hansen, associate professor of business administration, Harvard University Graduate School of Business Administration)

[Reprinted from Harvard Business Review, autumn, 1946]

In recent years there has been an increasing demand that business live up to its public responsibilities. Yet enlightened business leaders, sincerely anxious that such responsibilities be discharged, face great difficulties in defining just

what they are—and even greater difficulties, often, in reconciling them with normal profit incentives.

The particular responsibility that is the subject of this article, namely, the fostering of international understanding by the motion-picture industry, is a case in point. It is an important responsibility. At the same time, it not only involves an objective that is intangible and elusive, but raises the possibility of a conflict with typical commercial considerations that could be very serious. Foreign markets are of great significance to the American motion-picture industry; indeed, it has been estimated that for a regular feature-length film revenues from distribution abroad have in the past covered about one-third of the entire cost of making the finished negative.

Customarily, feature films have been made primarily for the American market, with the foreign departments of the large companies endeavoring to see to it that in the process the selection and treatment of story material takes into consideration the attitudes of foreign audiences. Once a picture has been produced, wide distribution is of course desirable to build up receipts, and the total number of films exported has been determined only by the limitations of exhibition possibilities and foreign governmental regulations. Most important, in the selection of individual pictures for export, the producer has been guided principally by potential audience appeal and censorship restrictions in foreign countries.

Now the State Department, through its publication of the Macmahon report in 1945, has raised two most important issues for motion-picture executives to consider in the selection of films for export: To what extent can the industry avoid offense to foreign countries? To what extent can it give foreign audiences the "balanced portrayal" of the United States which the Macmahon report believes has been absent in the past?

The report referred to is officially entitled "Memorandum on the Postwar International Information Program of the United States." It was prepared by Dr. Arthur W. Macmahon, consultant on administration, in cooperation with the Office of Public Affairs. It should be borne in mind in reading this article that the Macmahon report does not have the status of an approved statement of policy. According to the letter of transmittal accompanying the report from John S. Dickey, then Director of the Office of Public Affairs, the State Department, to Archibald MacLeish, then Assistant Secretary of State:

"This memorandum is by intention a working paper which offers a canvass of viewpoint, a recommendation of broad choices, and a starting point for detailed planning; it does not offer blueprint details or a budget. As is frequently the case where study is carried on in close association with operations, the collaborative process of preparing the memorandum has itself influenced operating decisions and many of our current attitudes on these matters. In this sense few of us will find any new rabbits in the memorandum. Nevertheless, it should be emphasized that the memorandum is not a statement of departmental or Office policy; it is simply a working paper to assist in making decisions and if on further consideration the weight of the argument is against any position taken in the memorandum, that position should be changed."

How can the motion-picture industry discharge its public responsibility in this area? More specifically, how can it deal with the two issues raised? Let us first consider briefly the negative task of avoiding offense to foreign audiences and then go on to consider some of the more pressing questions involved in giving foreign audiences a balanced portrayal of the United States.

#### OFFENSES TO FOREIGN COUNTRIES

Referring to the first of these tasks, the report mentions (1) avoidance of "more positive forms of offense" and (2) development of an "awareness of other peoples which will compliment them and facilitate friendly relations." Neither of the expressions is defined, and the latter is not very easy to illustrate.

*Avoiding more positive forms of offense.*—The report takes an optimistic view of the motion-picture industry's ability to continue to reduce the more flagrant offenses. As an example of what obviously needs to be avoided on this score, the British Board of Film Censors frequently deletes scenes in operating rooms, spoken lines referring to people by deprecatory names like "punk," and scenes of excessive brutality; and it is sensitive to the showing of the person of Christ on the screen or the use of direct quotations of the words of Christ.

Matters of bad taste are harder to pin down. The Motion Picture Association of America has set up a production code, however, and those charged with its administration are endeavoring to secure voluntary compliance with provisions



of the code by working with producers in the adaptation of story material to screen use, reading scripts, and viewing completed films.

In some recent letters to various producers, the production code administration questioned the advisability of derogatory references to Brazilian food, suggested the avoidance of fake Mexican dialects and the employment of Mexican actors speaking English with their own natural accent, and urged that a film involving Costa Rican atmosphere be authentic and that religious themes in the story be treated correctly. After reading the script of one picture, the production code administration wrote:

"As we presumed to suggest to Mr. ——— over the telephone today, we are a bit concerned regarding the general acceptability of this material, especially when viewed from the standpoint of the foreign market. To characterize an ambassador, even when he is not specifically identified with any particular nation, as a kind of 'sap' and to suggest further than an American Ambassador would indulge in the kind of buffoonery in connection with the silly love of an adolescent child, may give offense to large numbers of patrons, both in this country and abroad. It is likely, too, that the Mexican Government will not be disposed to look with favor upon the suggestion that this unidentified ambassador may be made to appear acceptable to the Mexican Government."

General admonishments about the theme of a story are sometimes made by suggesting consultation with the producer's foreign department concerning the acceptability of the theme in various foreign markets.

*Developing awareness of other peoples.*—Being alert to the sensitivities of foreign audiences is more difficult than avoiding matters objectionable to foreign censorship boards. A much publicized example of what can happen in this area was provided by the film, *Objective Burma*. This film portrayed the activities of a group of American paratroopers in destroying a Japanese radar station in Burma. While it was being made, the producers had followed the suggestion of the production code administration, eliminating certain profane language from the script and cutting scenes of unusual gruesomeness, and the finished picture was hailed in the United States. Yet it was withdrawn from the British market in a week's time after attacks by the British press.

The London Times pointed out the absurdity of presenting the recapture of Burma as an American paratrooper operation when British Commonwealth and Empire forces in Burma accounted for 80 percent of total allied strength and 88 percent of combat strength. To rub salt into the wound, the plot of *Objective Burma* was based upon an actual incident in which the particular troops engaged were also primarily British. In criticizing the bad taste of the film, the Times linked it with a Russian picture, *Berlin*, which implied that Germany was conquered by the Red Army and presented Air Marshall Sir Arthur Teddar as a "guest" at the surrender of Berlin. A discussion followed in the House of Commons as to what steps were being taken "to counter the bad effects of this film on our relations with the United States of America and on our prestige abroad."

Obviously, this kind of situation can usually be avoided by the exercise of proper care. Much more difficult is the second major task confronting the industry, that of presenting a balanced portrayal of the United States. But before we can discuss this aspect of the subject intelligently, we need to know the nature of existing foreign impressions of the United States created by American films.

#### FOREIGN IMPRESSIONS OF UNITED STATES.

The evidence contained in the Macmahon report is based upon replies returned by overseas missions to an inquiry of the State Department made as of February 22, 1944. This inquiry, anticipating an examination of the motion picture in the postwar world, requested overseas embassies or legations to state an opinion concerning "the type of picture most acceptable to local audiences from an entertainment standpoint and most effective from the standpoint of \* \* \* broader considerations." The State Department asked its diplomatic officers to bear in mind the following: (1) the important intellectual value of films ("the right kind \* \* \* can present a picture of this Nation's culture, its institutions, its methods of dealing with social problems, and its people, which may be invaluable from the political, cultural, and commercial point of view [while], the wrong kind \* \* \* may have the opposite effect"); (2) the contention that the industry is dependent upon its foreign receipts to maintain the quality of its product; and (3) the fact that American motion pictures act as salesmen for American products.

From the State Department information thus obtained, certain selected replies were quoted in the Macmahon report as illustrations of foreign reactions:

"Australia (dispatch No. 836, June 7, 1944): A country boy or girl could not be blamed for thinking that the majority of Americans are engaged in crime or frivolity.

"New Zealand (dispatch No. 151, June 15, 1944): New Zealanders usually ask why they can't have films showing everyday life, not the so-called 'Hollywood version' of the war-propaganda type.

"Morocco (dispatch No. 2445, November 6, 1944): Probably the most powerful media of information are the motion picture and the radio. To any American who lived abroad before the present war it will be only too obvious that American pictures were of such a character as to convince foreigners that we were largely a nation of morons and gangsters.

"Iran (from 1945 information intelligence report): Unless some control is exercised over export of American commercial films, official efforts to maintain a cultural-relations program are futile. The representation of America through educational pictures is contradicted by the large volume of gangster and horror film poured into the Iranian market by commercial companies.

"Honduras (dispatch No. 935, April 4, 1944): Probably the most effective type of picture in fostering an interest in and admiration for the United States is the historical drama portraying the early development of the country."

Of the five illustrations cited, four are critical of American films and one suggests a corrective possibility. The inference is that undesirable reactions are representative. However, this is by no means the case. In the same data, but not quoted by the report, are balancing favorable comments like the following:

"Camberra, Australia (dispatch No. 836, June 7, 1944): Distributors naturally exercise considerable care that films are not marketed in Australia which would bring any definite reaction against the American product.

"St. John's, Newfoundland (dispatch No. 829, January 23, 1945): Since my arrival in Newfoundland almost 4 years ago I have heard no serious criticism of American films, and it seems that the distributing agencies have exercised good judgment in the types selected for this market.

"Horta, Fayal Azores (dispatch No. 11, February 19, 1943): American films are much preferred because of their action, interest, and quality of production \* \* \*. The constant showing of American films probably has an important part in reinforcing the strong pro-American sentiment of the local people.

"New Delhi, India (Dispatch No. 188, July 31, 1944): As in many other countries America is better known and better liked to the people through the entertaining and informative medium of the motion picture. \* \* \* the basis is well established in India for the continued growth of good will toward America in the postwar era, through the medium of visual entertainment.

"Buenos Aires, Argentina (Dispatch No. 473, Dec. 9, 1944): United States pictures as a group are vastly superior in quality to any others shown in Argentina. \* \* \* American newsreels also lead the field in quality. \* \* \* Because of their infinite variety, their lavishness of production, and their perfection of technique, and because they are acted and directed by the best talent available, the American pictures are the most popular as well as the best in quality. \* \* \* American films have had by far the greatest propaganda influence in Argentina. The full story of America's part in the war has been effectively told to Argentina. Interwoven always in these plots is the prodemocratic theme, which makes itself felt as the only real salvation of the world."

Whatever the proper evaluation of the replies to the State Department's inquiry may be, they clearly leave unanswered the question of what impressions are created about the United States in foreign countries by motion pictures. The lack of specific evidence to support the opinions expressed makes it impossible to determine whether the State Department reporter is making a subjective appraisal based on his own preconceived opinion, or whether he has tried to make an objective analysis from conflicting source material. To complicate the interpretation further, there is no basis for evaluating the qualifications of the personnel submitting the reports; these range from consuls general to men of unspecified official status, and include third secretaries, economic analysts, and cultural relations attachés. Finally, it is reasonable to assume that consular and diplomatic officers, because of the nature of their work, perhaps tend to be overresponsive to criticisms of America; and, particularly in the case of those who are not regular moviegoers, their appraisals of the effect of American films upon the mass of foreign theatergoers may be of limited value.

The motion-picture industry, while convinced that the information on foreign attitudes presented in the Macmahon report is not an accurate reflection of the

facts, nevertheless does not at this writing have sufficient facts to evaluate the soundness of the report in this respect. The industry, of course, is not without some evidence conflicting with that contained in the Macmahon report—for instance, the following statement made by Francis S. Harmon, vice president of the Motion Picture Association at a meeting of the Commission on Freedom of the Press held on January 29, 1946, in New York City:

"I had the pleasure this summer [1945] of talking with Ambassador Kirk in Italy, Ambassador Sawyer in Belgium, and Ambassador Caffery in France. I was with 15 other executives who were flown to Europe right after VE-day. The presidents of two of the companies who make 30 or 40 pictures a year were in the group and the executives of studios of a number of others. Those three Ambassadors—Belgium, Italy, and France—categorically stated that they regarded the motion pictures from Hollywood as one of the most useful assets they had. They were glad to have Hollywood films supplemented, Mr. Chairman \* \* \* with the documentaries which were made during the war and which the industry is now offering to make for use in Germany."

*Objective study needed.*—Testimony such as Mr. Harmon's focuses attention on the differences of opinion at different levels within the State Department and, more important, on the need for collection of factual evidence. With the State Department and the industry each having special interests, it is doubtful whether completely objective information can be secured from either. It should be noted, however, that an attempt is currently being made by the Motion Picture Association through its recently created statistical research department to conduct objective research into industry problems. In his first annual report as president of that association, Eric Johnston said:

"This entire program of statistical research is not worth conducting unless it is carried out with the conviction that the truth—no matter what it is—best serves the long-run interests of the industry. The findings may not always be pleasing. But unless they are faced, sound correctives cannot be applied."

What of the alternative of going directly to foreign sources of information? It does not seem likely that foreign nationals, either as distributors of locally produced films or as distributors of American films, will prove of much value as sources of accurate information on this subject. Perhaps the foreign critics might have more promise, but these too can be expected to have national biases; further, they are primarily concerned with evaluating picture quality. There remains the possibility of direct interviewing of foreign moviegoers. Such an attack, however, would introduce serious difficulties. As one member of the motion-picture industry has expressed it:

"Audience reaction abroad, as at home, is made up of individual reactions, and the individual reactions are conditioned by a multitude of factors that cannot be weighted in the final analysis. If you should ask an average foreign audience, 'Was this film good entertainment?' you would get a fairly clear-cut answer. But if you were to ask, 'Is this film good or bad from the standpoint of America?' it would be an entirely different proposition."

"Most people would be unable to form any judgment whatever—knowing nothing of America itself. Others, however—and this is important—would give a reply that had nothing whatever to do with the film in question. It would be conditioned entirely by other factors. For example, whether they admire America or detest it—and there are many people in both camps; whether they felt it would serve some national interest—economic or social—to condemn American films—the majority of our moviegoers abroad might feel that they have such an interest; or whether they wished merely to give personal expression to the resentment that is widely felt abroad toward the United States simply because it appears to be a prosperous and comfortable nation—and here again the number would be enormous."

Whether it would be possible to segregate the impressions created by motion-picture films from those created by other means of international communication is not clear. Nevertheless, the motion-picture industry should experiment with this approach before definitely rejecting it; indeed, if the industry is going to live up to its broader public responsibilities, it should initiate a survey in this area, preferably conducted by a competent independent organization. Only if this general approach does not prove feasible in important markets, can the guesswork and conflicting reports available at present be considered the best evidence obtainable.

At the present time, about all we can say is that the available evidence gives indications that there is room for improvement in the impression of the United



States created by American films. But just what is the balanced portrayal asked for by the State Department?

#### BALANCED PORTRAYAL OF UNITED STATES

No one at first thought can fail to agree with the general objective of giving foreign peoples a balanced portrayal of the United States. A whole series of perplexing questions must be answered, however, before this objective has any real meaning. What do we mean when we say balance? To answer this question we must apply ourselves to two further questions: What factors are we balancing? How do we know when they are in balance? A not unimportant question is: Who should decide when the balance exists? And, after these questions are answered: Will a balanced export of films mean that foreign audiences will see a balanced exhibition? Will our version of balance be interpreted as such by foreign audiences? Is a balanced presentation of the United States compatible with entertainment?

*From the American standpoint.*—Let us look at some of these questions more closely, first from the American standpoint.

What are we balancing? Good versus evil? If we could clearly classify these moral values, how would we bring them into balance? Is there a desirable ratio of good to evil characters? Is balance the inevitable triumph of good over evil? This is the course to which Hollywood has committed itself. Retribution may therefore be inevitable on the screen, but in real life there is disagreement whether this is so. Probably we do not want balance if that means the culprit escapes. Or, in different words, if balance is akin to truthfulness, we do not want a true presentation conflicting with our moral codes.

Or are we balancing wealth versus poverty? large families versus childless couples? musical comedies versus dramas of social significance? agricultural versus industrial life? material success versus spiritual progress? success stories versus tales of failure? Serious problems in definition confront us everywhere.

Again, how do we know when the factors chosen are in balance? The values which we decide we want to balance are likely to be subjective values. The scales for measuring them have not yet been designed. The question of balance is then a matter of judgment or informed guesswork. Who can best exercise such judgment? This is a knotty question. What man or group of men can with authority sum up the American character, review a number of films, and select from among them those which best define this character? In view of the subjective nature of the problem and the important part taste and cultural background will play, the decisions might well be made by a diverse group. But diverse in what way? And so on.

*From the foreign standpoint.*—But let us assume for the moment that these questions can be answered. Will a balanced export of films actually mean a balanced film diet for foreign audiences? The answer is, "Not necessarily." An export of a balanced presentation of the United States does not insure that it will get before the eyes and ears of foreign audiences. Not all pictures exported to a particular country will be shown in all theaters. So, unless each individual film itself qualifies as a balanced presentation, which is not a likely possibility, obviously a block is set up.

Even if we assume that all films exported are exhibited generally, there is no compulsion for foreign theatergoers to see all of them. They can still decide to see only comedies or only westerns. If they are not interested in social dramas, no matter what the intrinsic excellence, they cannot be compelled to see them. Not to be forgotten is the unfortunate fact that those countries which we might want most to influence favorably may not want our version of a balanced portrayal of the United States shown to their people. Russia, for example, prefers to limit her imports from this country to films having no possible political significance.

EXHIBIT I.—*Film exports during 1945 of one large company to major geographic areas, by type of feature film*

Area to which exported	Number of films <sup>1</sup>	Total exports	Melo-drama	Films to each area by type			Comedy
				Drama	Western	Crime	
		Percent	Percent	Percent	Percent	Percent	Percent
Africa.....	35	4.4	20.0	31.4	14.3	-----	34.3
Asia.....	110	14.3	21.8	37.3	-----	-----	40.0
Australia and New Zealand.....	31	4.0	32.3	29.0	-----	3.2	35.5
Europe:							
British Isles.....	25	3.3	24.0	32.0	-----	-----	44.0
Continental Europe.....	162	21.0	23.5	43.2	.6	.6	32.1
Total Europe.....	187	24.3	23.5	41.7	.5	.5	33.8
Latin America:							
Central America.....	67	8.7	34.3	32.8	-----	1.5	31.4
Mexico.....	22	2.9	27.3	36.4	-----	4.5	31.8
South America.....	188	24.5	32.4	37.2	-----	2.7	27.7
Total Latin America.....	277	36.1	32.5	36.1	-----	2.5	28.9
West Indies.....	104	13.5	30.8	31.7	.9	2.9	33.7
Philippine Islands.....	26	3.4	26.9	26.9	-----	-----	46.2
Total.....	770	100.0	27.8	36.2	.9	1.6	33.5

<sup>1</sup> Inasmuch as feature films are usually exported to more than one foreign country, each film is counted more than once.

Mr. Harmon, in his testimony before the commission on freedom of the press, already referred to, argued that over a period of perhaps 10 years the foreign moviegoer who might see some 20 to 25 pictures each year would get a fairly accurate idea of the United States. Whatever may be said of the occasional moviegoer, certainly the frequent moviegoer would have the opportunity to see a wide variety of types of film. This fact is borne out by the figures in exhibit I, the result of a brief check on the 1945 exports of one large producer, who may be considered fairly representative of the large companies. According to the exhibit, it appears that the three main types, melodramas, dramas, and comedies, are fairly evenly distributed among the different areas.

The question still remains: Will our version of balance be regarded as balance by foreign audiences? Let us assume we export a picture which emphasizes racial tolerance between Negroes and whites in this country as an illustration of our democratic attitudes. In some foreign countries where Negro-white relationships are more amicable than in this country, audience reaction may be unfavorable. Or let us send a film overseas showing the wife of a high Government official doing her own laundering or shopping, to carry the inference of the absence of caste distinctions in the United States. In some countries it might be viewed as a weakness in our social structure that such a woman would be required to do her own housework.

Is the answer then not to export such films? If so, foreign audiences may be inclined to disbelieve the truthfulness of what we do send them. Take the case of the film, *Grapes of Wrath*. This film about a family of "Okies" was produced to portray one of this country's social problems. It was applauded in this country, but abroad some critical reactions appeared. Even in our own State Department there was division of opinion: One representative condemned the film as presenting a distorted picture of the United States; another regarded it as an illustration of this country's strength and honesty that such a film would be produced and exhibited abroad.

*Balance versus entertainment.*—A balanced, truthful presentation of American life is not necessarily compatible with entertainment. If films do not have entertainment values, there are no audiences. Without audiences no presentation can be made of anything. Take the Iranian market as a case. The films which bring large audiences in Iran are action pictures. Films with western settings or adventure pictures like the Tarzan series are reported as extremely popular. Certainly these films are not truthful and balanced in the sense that they are accurate portrayals of life in the United States. But they are entertainment. Because they are no more than that, should they be banned from the Iranian

market? What could be sent in their place? Suppose they were supplemented by other films requiring more mature attention from the audience? Would the objective be achieved? Not so long as the theater patron may freely select the films he pays to see.

Consider further the problems in reconciling a balanced presentation of the United States with the following entertainment preferences reported by overseas representatives of the Department of State as indicative of audience likes: The reply from Belize, British Honduras, stated that "action and adventure films, particularly musical westerns, are best liked by native audiences from the standpoint of entertainment"; conversely, Lisbon, Portugal, reported that "films \* \* \* based on western and settlers' epics \* \* \* which the Lisbon public have branded as 'broad-brimmed' (a reference to cowboys' hats), only appeal to audiences of third- or even fourth-rate cinemas in Lisbon and in provincial towns." Again, the Dominican Republic's reply named the *Pride of the Yankees* as "one of the outstanding hits of 1943"; Australia, on the other hand, indicated that this film was "not acceptable" and "even objectionable to Australian audiences." The Honduras report indicated that there were certain types of films "definitely detrimental to United States prestige." Heading the list is a host of gangster films \* \* \* [including] *Mr. Lucky*; Montevideo, Uruguay, however, advised that *Mr. Lucky* was highly recommended in general by the newspapers and well accepted by the public, and a critic commented, "*Mr. Lucky* possesses an arch and piquant quality which we thought was snowed under for the duration in a Hollywood monopolized by fatuous war propaganda." Finally, "family" pictures (generally believed to be particularly representative of the United States) were regarded as "little better than fair" from the Dominican Republic point of view; Ecuador, nevertheless, urged more "simple everyday life films."

This discussion of a balanced portrayal of the United States indicates that it is an undefined goal and difficult to attain. If it is ever reached, it will be an accidental byproduct of two things: (1) Distribution overseas of a large number of films on a variety of themes, and (2) a reasonably accurate portrayal in many of them of segments of American life. Nevertheless, more can be done than at present to improve foreign impressions of the United States.

#### AN ALTERNATIVE APPROACH

We have been discussing a positive approach to a balanced portrayal of the United States—that is, from the standpoint of what ought to be in pictures for this purpose. It should be possible to go at the problem from another angle and perhaps secure the same objective by eliminating from pictures the elements which distort them and thus keep them from being fair representations of the United States. And this approach, negative but more realizable, might be achieved in part simply by trying to reduce offenses to the sensibilities of United States audiences. The industry's production code recognizes the possibility of such an approach although it does not define the offenses; nor have critics of the industry defined them in a practical manner. This approach, too, has its limitations. It will be difficult to secure agreement as to just what offenses against the United States are. Complaints have ranged from disapproval of Betty Grable's legs and too long a week end at the Waldorf to the portrayal of the "submerged third" in the persons of the "Okies." Even when agreement is achieved on the nature of these offenses, there is a delicate compromise to be maintained between obvious distortions of fact and violations of good taste, on the one hand, and a general whitewashing on the other.

Yet progress can be made. The problem is simplified by the fact that offenses both to foreign countries and to the United States can be avoided by the same means, since the common difficulty is the conflict between fact and dramatic license. Thus the incentive to avoid offenses to foreign countries—which is great because of its very marked effect on box office receipts—can help to achieve the more intangible objective of a better portrayal of the United States.

There are roles to be played by the film producers themselves, the Production Code Administration, and the Motion Picture Export Association. Also of importance is the part, if any, that the State Department should take in guiding the industry.

#### THE FILM PRODUCERS

It may be argued that the producers, because they have available large research departments, should bear the responsibility for accurate and nonoffensive portrayals. Yet it is not realistic to assume that producers can be counted on always



to portray facts just as they are. Certainly it can be expected that conflicts will arise within the producing company between the facts supplied by its research department and the familiar dramatic license to alter those facts for a better story treatment. When such conflict arises, the research department is likely to be the loser. Therefore, despite the thoroughness and care which may be devoted to research, the final picture may bear little resemblance to the facts except in details of costumes or sets. Until the research departments achieve a position commensurate with their contribution, a monitoring body is needed which seeks to guide producers by working cooperatively with them.

#### PRODUCTION CODE ADMINISTRATION

The place of the Production Code administration in limiting both types of offenses needs to be examined in the light of the production code itself. The pertinent material is contained in article X, National Feelings, in the section on particular applications, which reads as follows: "(1) The use of the flag shall be consistently respectful, (2) the history, institutions, prominent people, and citizenry of all nations shall be represented fairly."

Article X clearly gives the Production Code administration responsibility for being watchful for offenses against the United States or foreign countries. The problem is how far this responsibility should go. In a case like Objective Burma it is difficult to see how the Production Code administration can escape sharing responsibility with the producer. It is only fair to say, however, that an apparent dilemma is posed here. On the one hand, there is the reasonable position that the Production Code administration, as a practical matter, cannot be responsible for the accuracy of historical detail in picture material it reviews. On the other hand, the code charges it with seeing that the history of all nations is represented fairly.

Those who emphasize the dilemma would restrict the Production Code administration's activity to preventing the more obvious affronts where little or no knowledge of historical or contemporary facts is necessary. For example, a film produced about half a dozen years ago showed a regiment of British troops being decimated at the Battle of New Orleans. The compensating touch worked out by the Production Code administration and the producer to smooth British feelings was to have the flag caught by one of the British soldiers as the standard bearer fell mortally wounded.

This type of solution, based upon a sensible awareness of the sanctity of a nation's flag, is a limited application of the language of the code. It would seem that there is a middle ground between being an expert in historical and current events and being entirely ignorant of them. Either the Production Code administration should have a member with scholarly training in history and the social sciences, or it should develop sufficient awareness of potential errors to know when it is necessary to call upon competent advice. The former appears to be the more effective solution.

Assuming the Production Code administration shares the responsibility for guarding against lapses of the type in Objective Burma, is it not falling short either because of inadequacies of the code or because of the way in which it applies the code? Eric Johnston, in his report referred to, very aptly points out that general rules cannot decide particular cases and that fallible men must administer the rules. This is a sensible position, but can the rules be made general and men less fallible?

*Expansion of the code.*—Historically the code developed out of the need for the industry to exercise some form of moral restraint, and today it may still be referred to in general as a moral code. The continued emphasis in the text of the code on matters relating directly or indirectly to sex is clear from exhibit II, which gives an indication of the attention given to various subjects in terms of number of words devoted to them. Equally clear is the relative neglect of the subject of national feelings.

The classification in this table is not intended to suggest naively that the activity of the code administration is in direct ratio to the number of words allocated to subjects. Moreover, it is only fair to admit that offenses covered by other articles of the code are probably more common and therefore deserve greater attention than offenses to national feelings. Nevertheless, it would be difficult to argue that the matter of national feelings is adequately discussed relative to other sections of the code. This can be said with full cognizance of the difficulties of expansion of article X.

EXHIBIT II.—*Number of words devoted to various subjects contained in the Production Code administration*

Article	Subject	Particular applications	Reasons underlying applications	Total
II.....	Sex.....	193	195	388
V.....	Profanity.....	276	11	287
I.....	Crimes against the law.....	139	137	276
VI.....	Costume.....	59	139	198
VIII.....	Religion.....	42	51	93
VII.....	Dances.....	22	62	84
XII.....	Repellent subjects.....	52	22	74
III.....	Vulgarity.....	31	11	42
X.....	National feelings.....	23	18	41
XI.....	Titles.....	9	27	36
IV.....	Obscenity.....	24	11	35
IX.....	Locations.....	12	22	34

Despite the fact that the amount of attention given to national feelings in the code is significantly small, the problem of offenses to foreign countries has concerned the industry for a number of years. As early as 1927, in the list of "don'ts and be carefals" adopted by the Association of Motion Picture Producers, Inc., two of the "be carefals" were: (1) "International relations (avoiding picturizing in an unfavorable light another country's religion, history, institutions, prominent people, and citizenry)" and (2) "The use of the flag." When the code was adopted in 1930, it was the substance of these "be carefals" that was incorporated as article X. It was not until World War II, however, that the United States was included as one of the nations to be represented fairly by substitution of the words "all nations" for "other nations" in the second sentence of article X. Thus, while the code now applies to both problems raised at the beginning of this article, its application to the prevention of offenses against the United States is new.

Certainly the industry would profit from the standpoint of public relations by elaborating on the specific application of article X. Couched as the article now is, in such general terms, one may question whether the type of error represented in the case of Objective Burma was an understandable error in human judgment alone, and may wonder whether it was not also in part a reflection on incomplete treatment in the code. As a matter of fact, article II of the particular applications, concerned with sex, could be expressed as succinctly as article X. But as article II has been helped by expansion, so article X would be.

An argument advanced against expansion of article X is that, by keeping it general in wording, its application is strengthened. It is argued for illustration that the Constitution of the United States merely says in part that Congress shall have the power "To regulate commerce with foreign nations and among the several States, and with the Indian tribes"; yet thousands of Supreme Court decisions have built an enormous body of legal authority upon these few words. This line of reasoning does not explain why, for example, in the cases of sex, profanity, and crimes against the law, a meager wording is not equally sufficient. One cannot escape the conclusion that this argument is a rationalization excusing the failure of the text of the code to develop beyond the moral considerations which led to its origin.

While an expansion of article X would not be easy, it is by no means impractical. For illustration, during the war years from April 1941 to April 1945, the Motion Picture Association assigned a Latin-American adviser to the staff of the production code administration. During 1944, his last full year of service, this adviser read 144 scripts and 50 lyrics, viewed 252 motion pictures, and participated in 192 conferences. While a wealth of experience is reflected in these statistics, and the individual picture files contain records of the detailed recommendations, none of this material has found its way into the code. Certainly some effort to record this experience in summary form for incorporation in the code, not only would be a step contributing toward a greater awareness of the importance of national feelings, but also would be an action having excellent public relations advantages for the industry.

*Personnel interpreting code.*—It should be apparent that further particularization of the code is only a small part of the final answer for minimizing offenses to foreign nations or the United States. A comparison between the complaints

made by State Department representatives overseas and code provisions relating to these complaints demonstrates dramatically that an unfair presentation, a distortion, or a tawdry picture results from the subjective decision of an individual—in other words, depends on some individual's background and special interests. Thus rules are secondary to the people who interpret them.

The adverse reactions in State Department reports filed in response to the departmental inquiry essentially boil down to objections against (1) gangster films and pictures ridiculing the judiciary or politics, (2) plots suggesting political corruption and the lack of integrity of public officials, and (3) films which depict false luxury, lack of morality or of idealism, false values in human relations, or great wealth and extravagant living. To cite specific examples: Roxie Hart was mentioned "as a travesty on the American judiciary"; Mr. Smith Goes to Washington was criticized as reflecting discredit on the integrity of National Government; The Miracle of Morgan's Creek was described as belittling the institution of marriage and treating lightly the problems of a husbandless mother (as well as indicating "political corruption and lack of integrity on the part of American officials").

It is significant that all these complaints are recognized in general terms in the production code. In the case of gangster films, for instance, a special section of the code, "Special Regulations on Crime in Motion Pictures," devotes close to 500 words to the subject. The code says specifically: "The technique of murder must be presented in a way that will not inspire imitation" and that "brutal killings are not to be presented in detail." Yet according to a State Department report from Cairo, shortly after the showing of one American picture a man was found murdered in Cairo by the same technique as used in the film, the implication being that there was some connection.

Take another class of complaints, namely, of pictures ridiculing our judiciary or form of government, or suggesting political corruption and lack of integrity on the part of public officials. These complaints arise despite what the code says: "Law, natural or human, shall not be ridiculed, nor shall sympathy be created for its violation. \* \* \* The courts of the land should not be presented as unjust. This does not mean that a single court may not be represented as unjust, much less that a single court official must not be presented this way. But the court system of the country must not suffer as a result of this presentation."

Where the criticism is that of lack of morality or idealism, it is difficult to cite anything but the code in general. The same may be said of false values in human relations. Even the general tenor of the code, however, puts no restrictions on depicting great wealth or extravagant living except insofar as those conditions conflict with moral standards which the code attempts to use as guideposts. Of course, much depends upon what is meant by "great wealth and extravagant living." Consider the following statement by one State Department representative overseas: "It may be of interest to point out that in China, as in many other countries, story backgrounds which reveal well-appointed living and dining rooms, bedrooms, modern baths and kitchens and household gadgets in use, generally make a valuable impression on Chinese audiences whether the picture is entertaining or dull."

These illustrations serve as useful demonstrations of the old adage that one man's meat is another man's poison. Each film cited as occasioning criticism had been approved by the production code administration, but criticized by one or more of the State Department reports. That record, as a matter of fact, is not so bad as it sounds, inasmuch as unanimity of opinion may be dismissed as unobtainable. But are there any other changes which might be made to assist personnel of the production code administration to improve their performance further? Two suggestions may be made:

(1) Much would be gained by enlarging the current membership of the production code administration beyond the number, at this writing, of 12. There are advantages in a small working group, but among informed members of the industry it is an accepted fact that the pressure of work upon the personnel of the production code administration is severe. During 1945, according to the annual report of the Motion Picture Association of America, Inc., March 25, 1946, the production code administration approved 390 feature-length films and 521 shorts. In addition to reviewing these films, the staff analyzed and considered 3,239 books, stage plays, synopses and scripts (including changes); conducted 122 consultations with film executives, of which a written permanent record was preserved; and wrote 3,420 letters and opinions. An increase in manpower, reducing the pressure of work on individuals, would facilitate more considered judgment. An even more important result would be to make it possible for mem-



bers of the staff to take periodic leaves, in order to get out of Hollywood and come into fresh contact with new ideas both in the United States and abroad.

(2) In this expansion of personnel, some attention should be given to bulwarking the representation of individuals with foreign education and experience on the production code administration. The Latin American adviser mentioned earlier was of Cuban-American extraction. The principal representative in this category now on the staff is the grandson of an Anglican bishop, and he has been looked upon as bringing to the organization's work, among other things, a useful point of view with regard to the British. This "specialist" on British attitudes worked with the Latin American adviser while the latter was on the staff, and later himself made a tour of Latin American countries for further orientation.

There are, of course, other types of representation which it might be argued should be on the production code administration staff. More important, there also are limits to which the group can be expanded. But this limitation should not obscure the fact that, in view of the international significance of American motion pictures, there is too small a representation of foreign attitudes now on the staff of the production code administration. The argument for having men of foreign background or experience does not mean that it would be necessary to resort to the extreme of having all large countries represented individually. It may mean only one man for Latin America, one for continental Europe, and one for the important British market.

#### MOTION PICTURE EXPORT ASSOCIATION

Some opportunity for a judicious selection of films for foreign markets is currently offered the industry through the activities of the Motion Picture Export Association, formed in August 1945, under the provision of the export Trade Act (Webb-Pomerene law) of April 10, 1918. All the countries in which the association plans to serve as sole marketing agent have been closed to American films at least since 1940; consequently the association has at its disposal a backlog of several thousand films. Furthermore, no one of these countries is in a position to absorb commercially more than one-third of the total annual production of feature-length films by members of the export association.

Membership in this association is open to all American exporters of motion pictures who wish to execute an agreement licensing the association as marketing agent with sole distribution rights. As of early summer 1946, the eight leading American exporters were all members, with invitations to join under consideration by the three distributing organizations which handle most of the westerns and many of the small-budget action pictures. The export association at this writing has exclusive distribution rights for its eight members in Austria, Bulgaria, Czechoslovakia, Holland, Hungary, Germany, Poland, Rumania, Yugoslavia, Russia, Korea, Japan, and the Dutch East Indies. Also, the legal machinery of the export association has been used to secure voluntary agreements for limitation of exports to France, Italy, and Denmark.

Revenues from the operation of the export association after deduction of expenses are to be distributed to members on the basis of a percentage of the members' domestic gross receipts in the United States, rather than on the basis of receipts from individual members' pictures shown abroad. This means that the export association need not select a proportionate number of pictures from each of its members but is free to choose, especially with several years' accumulation of production on hand, those pictures which it considers most suitable for each country in which it is to operate. Conceivably, indeed, not a single picture of any one member need be shown in a particular country. That member would still receive the same percentage of profit which its receipts in the United States represent to the total domestic receipts of all the members in the United States.

This arrangement gives the industry a chance to discriminate carefully in selecting films for export. The problem, however, is how to discriminate so that films sent abroad not only will have the requisite audience appeal, but also will fairly and sympathetically portray the American way of life. To what extent the association can take into account factors other than potential box office receipts remains to be seen. Furthermore, a large part of the export association's ability to weigh noncommercial factors is dependent upon continuance of the current revenue distribution plan; whether association members will continue to support the plan is open to some question. As of early summer the association had not selected any films, and the problem was still to be faced.

## THE STATE DEPARTMENT

State Department advisory participation might occur at one or more of four points: (1) with the producer, (2) with the production code administration, (3) with the Motion Picture Association, or (4) with the Motion Picture Export Association. The policy arguments for and against State Department advice are fundamentally the same regardless of the point at which the participation occurs.

There is no compulsion for the industry to accept any advice from the State Department. Nevertheless, there is a mutuality of interest between the motion-picture industry and the Department. Both are interested in maintaining favorable relations between the United States and other nations, and therefore close liaison between them is desirable. There is no evidence, however, that the State Department's participation would bring the services of men more well informed about reactions of foreign movie goers than are those whom the industry already has available, or men with superior judgments in these matters. Indeed, as far as eliminating offenses to other peoples is concerned, the industry may be expected to do a better job because of the close relationship between box-office receipts and tactful portrayals of foreigners. Where the problem is that of portraying the United States, on the other hand, the State Department's interest is equally strong, but the industry's concern, while genuine enough, may be expected to be weaker. Because there is in this case no positive correlation between receipts and the accuracy of the portrayal, one may argue that here the State Department's advice may be of greater use.

*Advantages and disadvantages.*—But what gain would result for the industry? (1) It is an acceptable proposition that the State Department would bring a different point of view from that of the industry, and in many cases a point of view conflicting with the industry's, as represented by the production code administration. Out of such conflict, however, might come a better result. (2) Participation in the making of decisions would be a desirable educational experience for the State Department in the difficulties of achieving the objectives suggested in the Macmahon report. From this experience a greater mutual respect might arise. (3) Such a gesture by the industry would bring obvious advantages in public relations.

Yet there also are strong arguments against formal advisory participation by the State Department: (1) Even if the State Department does not finally control decisions, but merely participates by means of a representative in the making of decisions, an opportunity is given for critical foreign nations to attack such participation as censorship. This must be avoided at a time when our country is decrying the tight controls over freedom of expression in various parts of the world. (2) The industry's experience with the State Department during the war illustrated the difficulties in getting prompt, clear-cut decisions from members of the Department. (3) When, during the war, the State Department and the industry were suddenly brought into close contact, leaders of both groups had a difficult task in conveying to all members of their organization the attitude and spirit of cooperation at the top policy level. Operating difficulties were inevitable, and these did not fail to leave in their wake some prejudiced opinions.

On balance, it can be said that there must at least be frequent contact between the industry and the State Department. There is evidence that a closer working relationship is already being established under the president of the Motion Picture Association, Eric Johnston. Several former members of the State Department, including a former Assistant Secretary of State, are now associated with the Motion Picture Association of America. In the picture-producing companies many top-flight executives have returned from war service which brought them into touch with important world problems. Many of Hollywood's actors and actresses, producers, directors, and writers have likewise seen war service or had close contact with troops overseas. An increased awareness of the State Department's problems is bound to exist.

## SUMMARY

Continuing progress in minimizing the possibility of offense to foreign peoples appears likely. Such a conclusion is justified by the importance to the producer of avoiding offense in order to maintain box-office receipts. In addition, the production code administration has had years of experience in dealing with the problem and is thoroughly aware of its importance. Finally, individual producers and distributors have set their own precedents for either not producing or not exporting pictures potentially offensive to foreign nations.

A balanced presentation of American life is an attractively worded objective, but it is too vague to be realizable. Attention would better be directed toward reducing offenses against the national feelings of the United States. Concurrently an impartial study should be made to ascertain realistically what impressions about the United States the movies have created in foreigners. Such a study would go far in providing the industry with a basis for action.

Further attempts should be made by the industry to define precisely the nature of offenses against the national feelings of the United States and other countries. Such definition incorporated in the industry's production code will serve as a further aid, but not as a substitute for judgment. Furthermore, an enlargement of the treatment of national feelings in the code will have valuable public relations aspects, and serve in part as a rebuttal to the criticism that the code is virtually limited to important but narrow application in the field of morality.

Elaboration of the code will not be enough in itself to minimize potential offenses to the United States and other countries. Difficult judgments will still have to be made, and the personnel making these judgments remains the key to the problem. The production code administration staff should be expanded. In particular, special attention should be given to increasing the representation in the staff of individuals of foreign education or experience. To maintain proper perspective, members of the staff should have opportunity for refreshing leaves of absence. This might be supplemented by periodically bringing thoughtful leaders from many walks of life to the staff as observers and consultants. From these last two recommendations a very desirable cross-fertilization of ideas could result.

The formation of the Motion Picture Export Association presents an unusual opportunity for the industry to consider noncommercial factors in selecting films for export. Yet, without definition of what the export association is trying to avoid in the selection of pictures or what constructive values it is trying to find, there is doubt whether this opportunity can be fully utilized.

Direct guidance by the State Department in the production of films, possibly through the production code administration, or in the selection of films for export is inadvisable. It invites criticism by foreign nations that American films are instruments for Government propaganda. Yet close liaison between the State Department and the industry appears increasingly possible in the future, and from this liaison a better understanding of each other's problems should result.

But even if these steps are taken, criticism, while it may be reduced, may be expected to continue in this shadow land of taste and opinion. Disagreement is inevitable. Furthermore, this effort to make a favorable presentation of the United States assumes that there are foreign markets available in which to show enough films to build impressions. This assumption will not long prove workable unless the State Department succeeds in opening up foreign markets, particularly European, which now severely restrict the importation of American films.

In the last analysis the basic issues raised at the beginning of this article must rely for solution upon an increasing awareness by the industry of its great public responsibilities, and a mature and self-conscious probing of those responsibilities by its leaders. There has never been such an opportunity as now exists. World attention is directed at achieving better understanding among nations, and the motion-picture industry's new and refreshed leadership should help it to make a significant contribution.











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